

City of Wellington, Kansas

Annual Financial Report

December 31, 2009

City Manager
Gus Collins

City Clerk
Shane Shields

Kenneth L. Cooper, Jr
Certified Public Accountant
Wellington, Kansas

City of Wellington, Kansas
Statutory Basis Financial Statements
Year Ended December 31, 2009

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City of Wellington, Kansas

Statutory Basis Financial Statements

Year Ended December 31, 2009

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Independent Auditor's Report

To the Honorable Mayor and City Council
City of Wellington
Wellington, Kansas

I have audited the accompanying primary government financial statements of the City of Wellington, Kansas, as of and for the year ended December 31, 2009 and the individual fund statements for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards and guidance require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements do not include financial data for the City's discretely presented component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles, the cash and unencumbered cash, revenues received and expenditures incurred by the aggregate discretely presented component units have been omitted from these statements, and although not reasonably determinable, are presumed to be material.

As described more fully in Note 1, the City has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In my opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2009, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In my opinion, the primary government financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Wellington, Kansas, as of December 31, 2009, and the revenues it received, expenditures it

incurred and budgetary results for the years ended December 31, 2009 and 2008 (individual funds only) on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 28, 2010, on my consideration of the City of Wellington's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the primary government financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the primary government financial statements of the City of Wellington, Kansas. Likewise, Schedules 4 and 5 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements, taken as a whole. The City of Wellington, Kansas' responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.


Certified Public Accountant

July 28, 2010

KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and City Council
City of Wellington, Kansas

I have audited the financial statements of the City of Wellington, Kansas as of and for the year ended December 31, 2009, and have issued my report thereon dated July 28, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Wellington, Kansas' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wellington, Kansas' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Wellington, Kansas' internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control over financial reporting that I considered to be a material weakness and a deficiency that I consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness: Item 2009-1.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged

with governance. I consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: Item 2009-2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wellington, Kansas' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the City of Wellington, Kansas in a separate letter dated July 28, 2010.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant

July 28, 2010

KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Council
City of Wellington, Kansas

Compliance

I have audited the compliance of the City of Wellington, Kansas, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City of Wellington, Kansas' major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Wellington, Kansas' management. My responsibility is to express an opinion on the City of Wellington, Kansas' compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wellington, Kansas' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the City of Wellington, Kansas' compliance with those requirements.

In my opinion, the City of Wellington, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of my auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-3.

Internal Control Over Compliance

The management of the City of Wellington, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the City of Wellington, Kansas' internal control over compliance with the

requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Wellington, Kansas' internal control over compliance.


My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified a deficiency in internal control over compliance that I consider to be a material weakness and other deficiencies that I consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-1, 2009-3 and 2009-4 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I consider item 2009-1 to be a material weakness.

The City of Wellington, Kansas' responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the City of Wellington, Kansas' responses and accordingly, I express no opinion on them.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountant

July 28, 2010

City of Wellington, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2009

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General	\$ 1,158,022	\$ 1,807	\$ 6,787,809	\$ 6,723,525	\$ 1,224,113	\$ 218,608	\$ 1,442,721
Special Revenue Funds:							
Ambulance & Fire Fighting Equip	15,689	-	104,919	92,572	28,036	810	28,846
Library	7,283	-	191,405	184,742	13,946	-	13,946
Permanent Cemetery Endowment	112,861	-	3,169	1,036	114,994	-	114,994
Special City Highway	8,975	-	196,281	203,681	1,575	32,545	34,120
Special Alcohol and Drug	1,533	-	12,572	11,646	2,459	-	2,459
Special Parks & Recreation	10,513	5,759	12,735	111	28,896	-	28,896
Tourism and Convention	65,179	-	38,569	40,308	63,440	817	64,257
Emergency Shelter Grant	-	-	8,621	8,621	-	-	-
Special Liability Expense	279,139	-	317,532	265,372	331,299	-	331,299
Equipment Reserve	138,222	-	270,022	209,955	198,289	92,951	291,240
FEMA Grant Fund	7,550	-	66,857	29,929	44,478	1,803	46,281
Wellington Airport FAA Grant	-	-	543,532	549,453	(5,921)	5,985	64
Fire Insurance Proceeds	-	-	-	-	-	-	-
Hazmat Response	1,826	-	604	1,084	1,346	-	1,346
Fire Prevention and Education	925	-	441	335	1,031	-	1,031
Hospital Sales Tax Fund	-	-	291,628	291,628	-	-	-
SCCDAT Grant Fund	(6,251)	-	130,665	133,355	(8,941)	2,173	(6,768)
Debt Service Funds:							
Bond and Interest	115,141	-	666,378	669,415	112,104	-	112,104
Hospital Consolidation	-	-	-	-	-	-	-
1995 Sales Tax Revenue Bond	-	-	-	-	-	-	-
SRMC-PBC Bond Fund	59,588	-	57,230	116,818	-	-	-
Capital Projects Funds:							
Special Improvements	85,787	-	786	-	86,573	-	86,573
Capital Improvements	938,486	14,315	795,175	299,366	1,448,610	80,426	1,529,036
Coyote Ridge Dev. Fund	50,225	-	641,865	681,323	10,767	-	10,767
Beaver Creek Dev. Fund	12,291	-	1,064,361	1,150,580	(73,928)	182,936	109,008
Public Building Commission	334	-	-	334	-	-	-
Waste Water Treatment Plant	9,233	130,478	4,045,788	5,511,222	(1,325,723)	1,418,465	92,742
H Street Sewer Fund	-	-	300,606	288,068	12,538	-	12,538
Hargis Creek Lift Station	-	-	83,812	88,548	(4,736)	8,197	3,461
Proprietary Funds							
Electric, Waterworks & Sewage							
Utility System Operating Fund	12,735,805	1,615	15,916,775	15,372,127	13,282,068	714,509	13,996,577
Multi Year Capital Improvement	504,456	10,576	794,345	748,916	560,461	138,019	698,480
Electric, Waterworks & Sewage							
Construction Fund	196,049	-	1,795	197,844	-	-	-
Sanitation Utility	209,550	650	1,153,186	1,121,318	242,068	26,805	268,873
Sanitation Equipment Reserve	357,637	-	23,309	44,320	336,626	17,202	353,828
Municipal Golf Course	24,071	-	356,574	350,189	30,456	10,676	41,132
Golf Course Capital Improvement	12,223	-	30,089	30,995	11,317	-	11,317
Municipal Airport	200,057	-	225,391	233,080	192,368	3,964	196,332
Employee Benefit Contribution	455,315	-	1,105,202	1,071,720	488,797	1,203	490,000

City of Wellington, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2009

<u>Funds</u>	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Fiduciary Funds:							
Public Library Trust	363,652	-	3,334	1,178	365,808	-	365,808
Annie Hamilton Trust	1,577	-	14	-	1,591	-	1,591
Mildred Share McLean Trust	9,242	-	85	-	9,327	-	9,327
Mausoleum Maintenance	13,564	-	124	-	13,688	-	13,688
Regional Park Trust	83,842	-	20,458	3,357	100,943	-	100,943
Municipal Auditorium Renovation	405,817	-	3,716	-	409,533	-	409,533
Recreation Trust	19,732	-	34,497	62,280	(8,051)	35,000	26,949
Municipal Golf Course Trust	6,404	-	2,222	1,523	7,103	-	7,103
Ambulance Service Trust	624	-	6	-	630	-	630
Municipal Airport Trust	1,405	-	13	-	1,418	-	1,418
Nichols Family Trust	2,148	-	39	518	1,669	47	1,716
Drug Tax Distribution Trust	8,268	-	73	1,505	6,836	-	6,836
Cemetery Beautification Trust	6,202	-	582	550	6,234	-	6,234
Cara Saunders Memorial Trust	479	-	4	-	483	-	483
Drug Awareness Trust	12,844	-	6,922	10,458	9,308	31	9,339
Housing Authority Reserve	172,820	-	-	-	172,820	-	172,820
Law Enforcement Trust	13	-	5,146	1,128	4,031	-	4,031
Employee Community Service	72	-	-	-	72	-	72
Total	<u>\$ 18,876,419</u>	<u>\$ 165,200</u>	<u>\$ 36,317,263</u>	<u>\$ 36,806,033</u>	<u>\$ 18,552,849</u>	<u>\$ 2,993,172</u>	<u>\$ 21,546,021</u>

Composition of Cash Balance:

Cash in checking account:

Security State Bank, Wellington, KS	\$ 187
Bank of Commerce, Wellington, KS	(192,066)
Bank of Commerce Employee Benefit account, Wellington, KS	490,000
First National Bank, Wellington, KS	10
Security State Bank, Utility Petty cash account, Wellington, KS	3,000

Cash in savings account:

Cornerbank, Wellington, KS	45
Bank of Commerce, Wellington, KS	3,385,926

Cash in certificates of deposit

First National Bank, Wellington, KS	1,500,000
Bank of Commerce, Wellington, KS	400,000
CornerBank, Wellington, KS	1,700,000

Cash on hand

1,750

Investments

Edward Jones-US Government Money Fund	1
Edward Jones-US Treasury Notes and Bonds	7,840,821
State of Kansas Municipal Investment Pool	6,442,320

Total Cash and investments

21,571,994

Agency Funds per Statement 4

(25,973)

Total Primary Government (Excluding Agency Funds)

\$ 21,546,021

City of Wellington, Kansas
Summary of Expenditures--Actual and Budget (Statutory)
(Budgeted Funds Only)
For the Year Ending December 31, 2009

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable/ (Unfavorable)</u>
General	\$ 7,615,206	\$ -	\$ 7,615,206	\$ 6,723,525	\$ 891,681
Special Revenue Funds					
Ambulance and Fire Fighting Equip	95,345	-	95,345	92,572	2,773
Library	186,445	-	186,445	184,742	1,703
Special City Highway	245,415	-	245,415	203,681	41,734
Special Alcohol and Drug	11,691	-	11,691	11,646	45
Special Parks and Recreation	27,728	-	27,728	111	27,617
Tourism and Convention	145,223	-	145,223	40,308	104,915
Special Liability Expense	494,516	-	494,516	265,372	229,144
Hospital Sales Tax	330,000	-	330,000	291,628	38,372
Debt Service Funds:					
Bond & Interest	799,867	-	799,867	669,415	130,452
Proprietary Funds:					
Electric, Waterworks & Sewage Uti	18,120,152	-	18,120,152	15,372,127	2,748,025
Sanitation Utility	1,447,550	-	1,447,550	1,121,318	326,232
Municipal Golf Course	400,860	-	400,860	350,189	50,671
Municipal Airport	382,141	-	382,141	233,080	149,061
Employee Benefit Contribution	1,455,076	-	1,455,076	1,071,720	383,356
Total primary government	<u>\$ 31,757,215</u>	<u>\$ -</u>	<u>\$ 31,757,215</u>	<u>\$ 26,631,434</u>	<u>\$ 5,125,781</u>

City of Wellington, Kansas

Statement 3

General Fund

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		<u>2009</u>		Variance Favorable (Unfavorable)
	<u>2008 Actual</u>	<u>Actual</u>	<u>Budget</u>	
<u>Cash Receipts</u>				
Taxes	\$2,556,272	\$2,510,086	\$ 2,547,778	\$ (37,692)
Intergovernmental	319,861	349,479	299,374	50,105
Licenses and fees	488,435	540,323	516,095	24,228
Fines	87,025	75,289	85,000	(9,711)
Charges for services	596,968	648,128	601,723	46,405
Other revenue	18,334	28,622	7,200	21,422
Use of money and property	89,092	62,735	94,677	(31,942)
Reimbursed expense	51,351	57,262	40,650	16,612
Restitution	247	-	-	-
Reimbursement from other funds	1,062,994	1,072,317	1,092,317	(20,000)
Operating transfers in	<u>1,255,166</u>	<u>1,443,568</u>	<u>1,246,032</u>	<u>197,536</u>
 Total cash receipts	 <u>\$6,525,745</u>	 <u>\$6,787,809</u>	 <u>\$ 6,530,846</u>	 <u>256,963</u>
<u>Expenditures</u>				
General government:				
Mayor and city council	\$ 14,832	\$ 15,321	\$ 19,850	\$ 4,529
City manager's office	172,051	204,337	201,967	(2,370)
City clerk's office	307,308	325,334	331,321	5,987
Utility collections	278,153	258,542	314,986	56,444
Director of public works and recreation	73,554	85,478	85,102	(376)
General services	90,539	76,628	81,014	4,386
Contributions	7,000	8,500	8,500	-
Janitorial	32,292	37,555	43,033	5,478
Contingency	-	-	908,919	908,919
Nondepartmental	99,140	101,906	101,541	(365)
Legal and police court	128,894	129,646	137,207	7,561
Cemetery	106,994	130,625	126,284	(4,341)
Planning, community development	14,314	19,000	19,000	-
Public safety:				
Police department	1,168,937	1,231,124	1,339,847	108,723
Fire rescue	1,561,711	1,623,419	1,650,141	26,722
Transportation:				
Street department	912,143	909,927	971,933	62,006
Engineering, planning and inspection	330,546	337,460	345,349	7,889

See accompanying notes.

City of Wellington, Kansas

Statement 3

General Fund**Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		<u>2009</u>		Variance
	<u>2008</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
<u>Expenditures (continued)</u>				
Recreation and culture:				
Park department	\$ 210,009	\$ 230,344	\$ 261,591	\$ 31,247
Swimming pool	46,524	41,796	55,865	14,069
Municipal auditorium	34,685	34,816	33,505	(1,311)
Lake recreation	140,702	159,767	158,251	(1,516)
Capital outlay:				
Capital improvements			-	-
Other financing uses				
Operating transfers out	<u>641,631</u>	<u>762,000</u>	<u>420,000</u>	<u>(342,000)</u>
Total expenditures	<u>\$ 6,371,959</u>	<u>\$ 6,723,525</u>	<u>\$ 7,615,206</u>	<u>\$ 891,681</u>
Receipts Over (Under) Expenditures	\$ 153,786	\$ 64,284	<u>\$ (1,084,360)</u>	<u>\$ 1,148,644</u>
Unencumbered Cash, Beginning	1,004,217	1,158,022		
Prior Year Cancelled Encumbrances	<u>19</u>	<u>1,807</u>		
Unencumbered Cash, Ending	<u>\$ 1,158,022</u>	<u>\$ 1,224,113</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund

Ambulance and Fire Fighting Equipment

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance-
	2008	Actual	Budget	Favorable
<u>Cash Receipts</u>	<u>Actual</u>			<u>(Unfavorable)</u>
Taxes:				
Ad valorem property tax	\$ 73,198	\$ 70,459	\$ 71,646	\$ (1,187)
Delinquent tax	2,519	2,508	500	2,008
Payment in lieu of taxes			-	-
Intergovernmental:				
Motor vehicle tax	13,313	14,663	12,182	2,481
Recreational vehicle tax	169	199	142	57
Other revenue	100	3,615	-	3,615
Federal grant	2,380	12,651	-	12,651
State grant	-	425	-	425
Use of money and property:				
Interest earnings	1,351	399	1,140	(741)
Other financing sources				
Bond proceeds	90,000	-	-	-
Total cash receipts	\$ 183,030	\$ 104,919	\$ 85,610	\$ 19,309
<u>Expenditures</u>				
Public safety:				
Commodities	\$ 2,823	\$ 3,325	\$ -	\$ (3,325)
Contractual	-	-	-	-
Contingencies	-	-	8,993	8,993
Debt service-cost of issuance	1,056	-	-	-
Capital outlay	193,294	79,247	76,352	(2,895)
Other financing uses				
Operating transfers out	-	10,000	10,000	-
Total expenditures	\$ 197,173	\$ 92,572	\$ 95,345	\$ 2,773
Adjustment for qualifying budget credit	-	-	-	-
Total	\$ 197,173	\$ 92,572	\$ 95,345	\$ 2,773
Receipts Over (Under) Expenditures	\$ (14,143)	\$ 12,347	\$ (9,735)	\$ 22,082
Unencumbered Cash, Beginning	29,832	15,689		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	\$ 15,689	\$ 28,036		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Library****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance- Favorable
	2008	Actual	Budget	(Unfavorable)
<u>Cash Receipts</u>	<u>Actual</u>			
Taxes:				
Ad valorem property tax	\$ 157,739	\$ 154,253	\$ 155,969	\$ (1,716)
Delinquent tax	5,219	5,276	2,000	3,276
Intergovernmental:				
Motor vehicle tax	26,934	31,450	26,521	4,929
Recreational vehicle tax	343	426	309	117
Other revenues	-	-	-	-
Total cash receipts	<u>\$ 190,235</u>	<u>\$ 191,405</u>	<u>\$ 184,799</u>	<u>\$ 6,606</u>
<u>Expenditures</u>				
Government:				
Contingency	\$ -	\$ -	\$ 1,703	\$ 1,703
Other financing uses				
Appropriation to Library Board	<u>184,742</u>	<u>184,742</u>	<u>184,742</u>	<u>-</u>
Total expenditures	<u>\$ 184,742</u>	<u>\$ 184,742</u>	<u>\$ 186,445</u>	<u>\$ 1,703</u>
Receipts Over (Under) Expenditures	\$ 5,493	\$ 6,663	<u>\$ (1,646)</u>	<u>\$ 8,309</u>
Unencumbered Cash, Beginning	1,790	7,283		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 7,283</u>	<u>\$ 13,946</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Permanent Cemetery Endowment****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009**(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)*

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Cash Receipts</u>		
Use of money and property:		
Interest earnings	\$ 2,588	\$ 1,036
Other revenues:		
1/3 of cemetery lots sold	<u>2,933</u>	<u>2,133</u>
 Total cash receipts	 <u>\$ 5,521</u>	 <u>\$ 3,169</u>
 <u>Other Financing Uses</u>		
Operating transfer to general fund	<u>\$ 2,484</u>	<u>\$ 1,036</u>
 Total expenditures	 <u>\$ 2,484</u>	 <u>\$ 1,036</u>
 Receipts Over (Under) Expenditures	 \$ 3,037	 \$ 2,133
 Unencumbered Cash, Beginning	 109,824	 112,861
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 112,861</u>	 <u>\$ 114,994</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Special City Highway****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		<u>2009</u>		Variance-
	2008	<u>Actual</u>	<u>Budget</u>	Favorable
<u>Cash Receipts</u>	<u>Actual</u>			(Unfavorable)
Intergovernmental:				
Fuel tax allocation	\$ 227,240	\$ 195,992	\$ 237,540	\$ (41,548)
State grant	5,417	-	-	-
Use of money and property:				
Interest earnings	<u>1,072</u>	<u>289</u>	<u>1,215</u>	<u>(926)</u>
Total cash receipts	<u>\$ 233,729</u>	<u>\$ 196,281</u>	<u>\$ 238,755</u>	<u>\$ (42,474)</u>
<u>Expenditures</u>				
Transportation:				
Capital outlay	\$ 78,204	\$ 63,681	\$ 64,730	\$ 1,049
Reimbursement to General Fund	160,000	140,000	160,000	20,000
Contingency	<u>-</u>	<u>-</u>	<u>20,685</u>	<u>20,685</u>
Total expenditures	<u>\$ 238,204</u>	<u>\$ 203,681</u>	<u>\$ 245,415</u>	<u>\$ 41,734</u>
Receipts Over (Under) Expenditures	\$ (4,475)	\$ (7,400)	<u>\$ (6,660)</u>	<u>\$ (740)</u>
Unencumbered Cash, Beginning	12,906	8,975		
Prior Year Cancelled Encumbrances	<u>544</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 8,975</u>	<u>\$ 1,575</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Special Alcohol and Drug****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance-
	2008			Favorable
<u>Cash Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Intergovernmental:				
State of Kansas	\$ 13,524	\$ 12,541	\$ 11,540	\$ 1,001
Use of money and property:				
Interest earnings	<u>31</u>	<u>31</u>	<u>15</u>	<u>16</u>
Total cash receipts	<u>\$ 13,555</u>	<u>\$ 12,572</u>	<u>\$ 11,555</u>	<u>\$ 1,017</u>
<u>Expenditures</u>				
General Government:				
Contractual	<u>\$ 12,144</u>	<u>\$ 11,646</u>	<u>\$ 11,691</u>	<u>\$ 45</u>
Total expenditures	<u>\$ 12,144</u>	<u>\$ 11,646</u>	<u>\$ 11,691</u>	<u>\$ 45</u>
Receipts Over (Under) Expenditures	\$ 1,411	\$ 926	<u>\$ (136)</u>	<u>\$ 1,062</u>
Unencumbered Cash, Beginning	122	1,533		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,533</u>	<u>\$ 2,459</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Special Park and Recreation****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		<u>2009</u>		Variance-
	<u>2008</u>	<u>Actual</u>	<u>Budget</u>	Favorable
<u>Cash Receipts</u>	<u>Actual</u>			(Unfavorable)
Intergovernmental:				
State of Kansas	\$ 13,524	\$ 12,541	\$ 11,540	\$ 1,001
Use of money and property:				
Interest earnings	<u>325</u>	<u>194</u>	<u>274</u>	<u>(80)</u>
Total cash receipts	<u>\$ 13,849</u>	<u>\$ 12,735</u>	<u>\$ 11,814</u>	<u>\$ 921</u>
<u>Expenditures</u>				
Recreation and Culture				
Capital Outlay	\$ 16,301	\$ 111	\$ 4,000	\$ 3,889
Contingency	<u>-</u>	<u>-</u>	<u>23,728</u>	<u>23,728</u>
Total expenditures	<u>\$ 16,301</u>	<u>\$ 111</u>	<u>\$ 27,728</u>	<u>\$ 27,617</u>
Receipts Over (Under) Expenditures	\$ (2,452)	\$ 12,624	<u>\$ (15,914)</u>	<u>\$ 28,538</u>
Unencumbered Cash, Beginning	12,965	10,513		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>5,759</u>		
Unencumbered Cash, Ending	<u>\$ 10,513</u>	<u>\$ 28,896</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Tourism and Convention****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance-
	2008			Favorable
<u>Cash Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Intergovernmental:				
Transient guest tax	\$ 50,772	\$ 37,432	\$ 50,000	\$ (12,568)
Other	-	-	-	-
Other revenue	3,750	500	-	500
Use of money and property:				
Interest earnings	<u>2,199</u>	<u>637</u>	<u>2,232</u>	<u>(1,595)</u>
Total cash receipts	<u>\$ 56,721</u>	<u>\$ 38,569</u>	<u>\$ 52,232</u>	<u>\$ (13,663)</u>
 <u>Expenditures</u>				
General government:				
Contractual	\$ 44,252	\$ 40,308	\$ 50,000	\$ 9,692
Commodities	5,000	-	-	-
Capital Outlay	36,155	-	35,000	35,000
Contingency	<u>-</u>	<u>-</u>	<u>60,223</u>	<u>60,223</u>
Total expenditures	<u>\$ 85,407</u>	<u>\$ 40,308</u>	<u>\$ 145,223</u>	<u>\$ 104,915</u>
Receipts Over (Under) Expenditures	\$ (28,686)	\$ (1,739)	<u>\$ (92,991)</u>	<u>\$ 91,252</u>
Unencumbered Cash, Beginning	88,865	65,179		
Prior Year Cancelled Encumbrances	<u>5,000</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 65,179</u>	<u>\$ 63,440</u>		

See accompanying notes.

City of Wellington, Kansas Statement 3

Special Revenue Fund

Emergency Shelter Grant

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Cash Receipts</u>		
Intergovernmental:		
Federal grant	\$ 9,497	\$ 8,621
	<u>-</u>	<u>-</u>
Total cash receipts	<u>\$ 9,497</u>	<u>\$ 8,621</u>
 <u>Expenditures</u>		
General government:		
Contractual	\$ 9,497	\$ 8,621
Other	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 9,497</u>	<u>\$ 8,621</u>
 Receipts Over (Under) Expenditures	\$ -	\$ -
 Unencumbered Cash, Beginning	-	-
 Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Special Liability Expense****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance-
	2008			Favorable
<u>Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Use of money and property:				
Interest earnings	\$ 5,202	\$ 2,768	\$ 5,222	\$ (2,454)
Other revenues	<u>334,002</u>	<u>314,764</u>	<u>283,033</u>	<u>31,731</u>
Total receipts	<u>\$ 339,204</u>	<u>\$ 317,532</u>	<u>\$ 288,255</u>	<u>\$ 29,277</u>
<u>Expenditures</u>				
General government:				
Contractual services	\$ 280,546	\$ 265,372	\$ 320,000	\$ 54,628
Contingency	<u>-</u>	<u>-</u>	<u>174,516</u>	<u>174,516</u>
Total expenditures	<u>\$ 280,546</u>	<u>\$ 265,372</u>	<u>\$ 494,516</u>	<u>\$ 229,144</u>
Receipts Over (Under) Expenditures	\$ 58,658	\$ 52,160	<u>\$ (206,261)</u>	<u>\$ 258,421</u>
Unencumbered Cash, Beginning	220,481	279,139		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 279,139</u>	<u>\$ 331,299</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Equipment Reserve****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Intergovernmental:		
Federal grant	\$ -	\$ 38,000
Other revenue	-	100
Other financing sources:		
Transfer from general fund	200,000	159,700
Transfer from other funds	<u>-</u>	<u>72,222</u>
Total receipts	<u>200,000</u>	<u>270,022</u>
 <u>Expenditures</u>		
Capital outlay	<u>176,705</u>	<u>209,955</u>
Total expenditures	<u>176,705</u>	<u>209,955</u>
 Receipts Over (Under) Expenditures	23,295	60,067
 Unencumbered Cash, Beginning	114,927	138,222
 Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ 138,222</u>	<u>\$ 198,289</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**FEMA Grant Fund****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009**(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)*

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Intergovernmental:		
Federal grant	\$ 36,558	\$ 66,857
State grant	-	-
Other revenue	<u>-</u>	<u>-</u>
Total receipts	<u>36,558</u>	<u>66,857</u>
 <u>Expenditures</u>		
Fire	\$ -	\$ 1,641
Parks	3,009	41
Streets	632	3,117
Cemetery	-	140
Lake recreation	16,903	10,820
Electric line construction	39,900	14,170
Water distribution	<u>7,108</u>	<u>-</u>
Total expenditures	<u>67,552</u>	<u>29,929</u>
 Receipts Over (Under) Expenditures	(30,994)	36,928
 Unencumbered Cash, Beginning	38,544	7,550
 Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ 7,550</u>	<u>\$ 44,478</u>

See accompanying notes.

City of Wellington, Kansas
Special Revenue Fund
Wellington Airport FAA Grant
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

Statement 3

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Intergovernmental:		
Federal grant	\$ 80,754	\$ 543,532
State grant	-	-
Grant match contribution	<u>-</u>	<u>-</u>
Total receipts	<u>80,754</u>	<u>543,532</u>
<u>Expenditures</u>		
General government:		
Contractual	\$ -	\$ -
Capital outlay	80,754	549,453
Refund grant proceeds	<u>-</u>	<u>-</u>
Total expenditures	<u>80,754</u>	<u>549,453</u>
Receipts Over (Under) Expenditures	-	(5,921)
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (5,921)</u>

Note: *This fund is not in violation of the cash basis law, as federal grant funds are receivable at 12/31/09.*

City of Wellington, Kansas
Special Revenue Fund
Fire Insurance Proceeds
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

Statement 3

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Receipts</u>		
Other revenue	\$ 5,000	\$ -
Use of money and property:		
Interest earnings	<u>13</u>	<u>-</u>
Total receipts	<u>5,013</u>	<u>-</u>
<u>Expenditures</u>		
General government:	<u>5,013</u>	<u>-</u>
Total expenditures	<u>5,013</u>	<u>-</u>
Receipts Over (Under) Expenditures	0	-
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Hazmat Response****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Other revenue	\$ 563	\$ 589
Use of money and property:		
Interest earnings	<u>42</u>	<u>15</u>
Total receipts	<u>605</u>	<u>604</u>
<u>Expenditures</u>		
Public safety:	<u>653</u>	<u>1,084</u>
Total expenditures	<u>653</u>	<u>1,084</u>
Receipts Over (Under) Expenditures	(48)	(480)
Unencumbered Cash, Beginning	1,874	1,826
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,826</u>	<u>\$ 1,346</u>

See accompanying notes.

City of Wellington, Kansas
Special Revenue Fund
Fire Prevention and Education
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

Statement 3

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Receipts</u>		
Other revenue	\$ 1,710	\$ 430
Use of money and property:		
Interest earnings	<u>25</u>	<u>11</u>
Total receipts	<u>1,735</u>	<u>441</u>
 <u>Expenditures</u>		
Public safety:	<u>1,900</u>	<u>335</u>
Total expenditures	<u>1,900</u>	<u>335</u>
 Receipts Over (Under) Expenditures	 (165)	 106
 Unencumbered Cash, Beginning	 1,090	 925
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 925</u>	 <u>\$ 1,031</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**Hospital Sales Tax Fund****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		<u>2009</u>		
	<u>2008</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<u>Cash Receipts</u>	<u>Actual</u>			
Intergovernmental:				
Sales tax	\$ 296,449	\$ 291,628	\$ 330,000	\$ (38,372)
Other	-	-	-	-
Use of money and property:				
Interest earnings	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>\$ 296,449</u>	<u>\$ 291,628</u>	<u>\$ 330,000</u>	<u>\$ (38,372)</u>
<u>Expenditures</u>				
Other financing uses				
Appropriation to Hospital Board	\$ 296,449	\$ 291,628	\$ 330,000	\$ 38,372
Contingency	-	-	-	-
Total expenditures	<u>\$ 296,449</u>	<u>\$ 291,628</u>	<u>\$ 330,000</u>	<u>\$ 38,372</u>
Receipts Over (Under) Expenditures	\$ -	\$ -		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Special Revenue Fund**SCCDAT Grant Fund****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009**(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)*

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Intergovernmental:		
Federal grant	\$ 36,072	\$ 129,674
Other revenue	-	970
Use of money and property:		
Interest earnings	<u>126</u>	<u>21</u>
Total receipts	<u>\$ 36,198</u>	<u>\$ 130,665</u>
<u>Expenditures</u>		
General government:		
Personal services	\$ 14,247	\$ 47,204
Commodities	1,861	9,398
Contractual	26,340	54,716
Other		
CMCA Youth activities	-	1,315
Strengthening Families	-	1,877
Lion's Quest	<u>-</u>	<u>18,845</u>
Total expenditures	<u>\$ 42,448</u>	<u>\$ 133,355</u>
Receipts Over (Under) Expenditures	\$ (6,251)	\$ (2,690)
Unencumbered Cash, Beginning	-	(6,251)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ (6,251)</u>	<u>\$ (8,941)</u>

Note: This fund is not in violation of the cash basis law, as federal grant funds are receivable at 12/31/09.

City of Wellington, Kansas

Statement 3

Debt Service Fund

Bond and Interest

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

		2009		Variance
	2008			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Taxes:				
Ad valorem property tax	\$ 357,225	\$ 373,249	\$ 385,429	\$ (12,180)
Delinquent tax	11,258	11,776	3,500	8,276
Special assessments	48,589	133,095	146,659	(13,564)
Intergovernmental:				
Motor vehicle tax	56,329	70,255	60,412	9,843
Recreational vehicle tax	717	951	704	247
Use of money and property:				
Interest earnings	6,616	2,783	5,691	(2,908)
Other revenue:				
Miscellaneous	-	689	-	689
Transfers				
Transfer from general fund		15,300	15,300	-
Transfer from Ambulance & FF Equipment		10,000	10,000	-
Other financing sources				
Debt payment from Airport Authority	49,643	48,280	48,280	-
Total cash receipts	<u>\$ 530,377</u>	<u>\$ 666,378</u>	<u>\$ 675,975</u>	<u>\$ (9,597)</u>
Expenditures				
Debt service:				
Principal	\$ 340,000	\$ 415,000	\$ 415,000	\$ -
Interest	195,876	254,415	254,415	-
Fiscal charges	-	-	-	-
Cash basis reserve	-	-	130,452	130,452
Total expenditures	<u>\$ 535,876</u>	<u>\$ 669,415</u>	<u>\$ 799,867</u>	<u>\$ 130,452</u>
Receipts Over (Under) Expenditures	\$ (5,499)	\$ (3,037)	<u>\$ (123,892)</u>	<u>\$ 120,855</u>
Unencumbered Cash, Beginning	120,640	115,141		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 115,141</u>	<u>\$ 112,104</u>		

See accompanying notes.

City of Wellington, Kansas

Statement 3

Debt Service Fund**Hospital Consolidation****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Cash Receipts</u>		
Taxes:		
Ad valorem property tax	\$ -	\$ -
Delinquent tax	-	-
Intergovernmental:		
Motor vehicle tax	-	-
Recreational vehicle tax	-	-
Use of money and property:		
Interest earnings	204	-
Other revenue	-	-
Other financing sources		
Transfer from other funds	-	-
	<u>\$ 204</u>	<u>\$ -</u>
Total cash receipts		
<u>Expenditures</u>		
Capital outlay:		
Reimbursement to hospital for consolidation	\$ 10,300	\$ -
Contingency	-	-
	<u>\$ 10,300</u>	<u>\$ -</u>
Total expenditures		
Receipts Over (Under) Expenditures	\$ (10,096)	\$ -
Unencumbered Cash, Beginning	10,096	-
Prior Year Cancelled Encumbrances	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

City of Wellington, Kansas
Debt Service Fund
1995 Sales Tax Revenue Bond Fund
Statement of Cash Receipts & Expenditures - Actual and Budget
For the Year Ended December 31, 2009
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Cash Receipts</u>		
Taxes:		
Sales tax	\$ -	\$ -
Use of money:		
Interest earnings	<u>845</u>	<u>-</u>
Total cash receipts	<u>\$ 845</u>	<u>\$ -</u>
<u>Expenditures</u>		
Capital outlay		
Reimbursement to hospital for consolidation	\$ 62,917	\$ -
Other financing uses		
Operating transfer to Hospital Consolidation Fund	-	-
Contingency	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 62,917</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (62,072)	\$ -
Unencumbered Cash, Beginning	62,072	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

City of Wellington, Kansas
Debt Service Fund
SRMC-PBC Bond Fund
Statement of Cash Receipts & Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009
	<u>Actual</u>	<u>Actual</u>
<u>Cash Receipts</u>		
Use of money:		
Interest earnings	\$ 11	\$ 378
Other financing sources:		
Transfers from Public Building Commission	156,806	334
Debt payment from SRMC-PBC	<u>15,889</u>	<u>56,518</u>
Total cash receipts	<u>\$ 172,706</u>	<u>\$ 57,230</u>
 <u>Expenditures</u>		
Debt service:		
Principal	\$ 80,000	\$ 85,000
Interest	<u>33,118</u>	<u>31,818</u>
Total expenditures	<u>\$ 113,118</u>	<u>\$ 116,818</u>
 Receipts Over (Under) Expenditures	 \$ 59,588	 \$ (59,588)
 Unencumbered Cash, Beginning	 -	 59,588
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 59,588</u>	 <u>\$ -</u>

See accompanying notes.

City of Wellington, Kansas
Capital Projects Funds
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2009

	<u>Special Improvements</u>	<u>Capital Improvements</u>	<u>Coyote Ridge Dev.</u>	<u>Beaver Creek Dev.</u>	<u>Public Bldg Commission</u>	<u>WasteWater Treatment Plnt</u>	<u>H Street Sewer</u>	<u>Hargis Creek Lift Station</u>
Receipts								
Intergovernmental:								
Federal grant/loan	\$ -	\$ -	\$ -	\$ 1,063,392	\$ -	\$ 4,043,801	\$ -	\$ 8,787
State of Kansas		80,175						
Other revenue:								
Miscellaneous				100		300		
Interest earned	786		69	869		1,687	606	25
Accrued interest on sale of bonds			796					
Prepaid assessments			1,000					
Donations received								
Other financing sources								
Sale of bonds		220,000	640,000					
Reimbursement of City Expense		3,000						
Transfer from utility reserve							300,000	-
Transfer from general fund		492,000						
Transfer from other funds	-	-	-	-	-	-	-	75,000
Total receipts	\$ 786	\$ 795,175	\$ 641,865	\$ 1,064,361	\$ -	\$ 4,045,788	\$ 300,606	\$ 83,812
Expenditures								
Capital outlay:								
Construction & equipment	\$ -	\$ 299,366	\$ 127	\$ 1,150,580	\$ -	\$ 5,436,222	\$ 288,068	\$ 88,548
Debt service:								
Principal			645,000					
Interest			18,064					
Cost of issuance			18,132					
Other financing uses:								
Transfer to general fund								
Transfer to other funds	-	-	-	-	334	75,000	-	-
Total expenditures	\$ -	\$ 299,366	\$ 681,323	\$ 1,150,580	\$ 334	\$ 5,511,222	\$ 288,068	\$ 88,548
Receipts Over (Under) Expenditures	\$ 786	\$ 495,809	\$ (39,458)	\$ (86,219)	\$ (334)	\$ (1,465,434)	\$ 12,538	\$ (4,736)
Unencumbered Cash, Beginning	85,787	938,486	50,225	12,291	334	9,233	-	-
Prior Year Cancelled Encumbrances	-	14,315	-	-	-	130,478	-	-
Unencumbered Cash, Ending	\$ 86,573	\$ 1,448,610	\$ 10,767	\$ (73,928)	\$ -	\$ (1,325,723)	\$ 12,538	\$ (4,736)

Note: These funds are not in violation of the cash basis law, as federal grant/loan funds are receivable at 12/31/09.

City of Wellington, Kansas
Capital Projects Funds
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2008

	<u>Special</u> <u>Improvements</u>	<u>Capital</u> <u>Improvements</u>	<u>Settlers</u> <u>Creek Dev.</u>	<u>Crestview</u> <u>Heights Dev.</u>	<u>Coyote</u> <u>Ridge Dev.</u>	<u>Beaver</u> <u>Creek Dev.</u>	<u>Public Bldg</u> <u>Commission</u>	<u>WasteWater</u> <u>Treatment Plnt</u>
Receipts								
Intergovernmental:								
Federal grant	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Kansas	-	450,983	-	-	-	-	-	-
Other revenue:								
Miscellaneous	-	-	-	450	-	-	-	-
Interest earned	1,971	-	1,040	567	1,525	4,093	3,137	6,114
Donations received	-	90	-	-	-	-	-	-
Other financing sources								
Sale of bonds	-	-	640,058	709,942	-	-	-	-
Reimbursement of City Expen:	-	3,000	-	-	-	-	-	-
Transfer from utility fund	-	-	-	-	-	-	-	812,000
Transfer from general fund	-	325,000	-	1,632	-	-	-	-
Transfer from other Funds	-	-	10,809	-	-	-	-	-
Total receipts	<u>\$ 1,971</u>	<u>\$ 794,073</u>	<u>\$ 651,907</u>	<u>\$ 712,591</u>	<u>\$ 1,525</u>	<u>\$ 4,093</u>	<u>\$ 3,137</u>	<u>\$ 818,114</u>
Expenditures								
Capital outlay:								
Construction & equipment	\$ -	\$ 729,950	\$ -	\$ -	\$ -	\$ 3,000	\$ 806,399	\$ 808,881
Debt service:								
Principal	-	-	717,000	735,000	-	-	-	-
Interest	-	-	80,451	17,968	20,225	-	-	-
Cost of issuance	-	-	9,796	8,485	-	-	322	-
Other financing uses:								
Transfer to general fund	-	-	25,928	29,095	-	-	-	-
Transfer to other funds	-	-	-	-	-	-	156,806	-
Total expenditures	<u>\$ -</u>	<u>\$ 729,950</u>	<u>\$ 833,175</u>	<u>\$ 790,548</u>	<u>\$ 20,225</u>	<u>\$ 3,000</u>	<u>\$ 963,527</u>	<u>\$ 808,881</u>
Receipts Over (Under) Expenditure:	\$ 1,971	\$ 64,123	\$ (181,268)	\$ (77,957)	\$ (18,700)	\$ 1,093	\$ (960,390)	\$ 9,233
Unencumbered Cash, Beginning	83,816	874,363	181,268	77,957	68,925	11,198	960,724	-
Prior Year Cancelled Encumbrance:	-	-	-	-	-	-	-	-
Unencumbered Cash, Ending	<u>\$ 85,787</u>	<u>\$ 938,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,225</u>	<u>\$ 12,291</u>	<u>\$ 334</u>	<u>\$ 9,233</u>

See accompanying notes .

City of Wellington, Kansas

Statement 3

Enterprise Fund

Electric, Waterworks, and Sewage Utility System Operating Fund

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
<u>Cash Receipts</u>				
Water sales and services	\$ 1,246,097	\$ 1,218,404	\$ 1,325,700	\$ (107,296)
Sewage charges	935,915	1,239,683	1,755,560	(515,877)
Electricity sales and services	11,421,660	12,434,293	12,178,454	255,839
Penalties	113,004	113,086	149,000	(35,914)
Interest earnings	691,002	568,474	628,437	(59,963)
Miscellaneous	147,880	65,759	14,850	50,909
FEMA federal and state grant	46,991	-	-	-
Kansas Power Pool refund	321,485	277,076	-	277,076
Other financing sources				
Sale of bonds	2,300,000	-	-	-
Transfers from Utility Construction fund	-	-	-	-
Total cash receipts	<u>\$ 17,224,034</u>	<u>\$ 15,916,775</u>	<u>\$ 16,052,001</u>	<u>\$ (135,226)</u>
<u>Expenditures</u>				
Production, water and sewage	\$ 285,776	\$ 364,015	\$ 412,713	\$ 48,698
Production, electric	8,342,650	7,733,430	7,850,521	117,091
Distribution, water and sewage	337,020	359,139	406,490	47,351
Distribution, electric	1,188,525	1,175,303	1,393,440	218,137
Sewage treatment	281,981	294,981	328,677	33,696
Contingency	-	-	2,785,000	2,785,000
Admin. reimb. to general fund	833,515	860,802	860,802	-
Reimbursement to special liability fund	177,668	177,668	177,668	-
Debt service	4,545,944	2,222,772	2,218,029	(4,743)
Non-departmental-other	84,912	112,791	87,808	(24,983)
Other financing uses				
Cost of issuance	25,627	-	-	-
Operating transfers to:				
General fund	1,112,382	1,149,004	1,149,004	-
Waste water treatment fund	812,000	-	-	-
H Street Sewer fund	-	300,000	-	(300,000)
Equipment reserve	-	72,222	-	(72,222)
Utility capital improvements	700,000	550,000	450,000	(100,000)
Total expenditures	<u>\$ 18,728,000</u>	<u>\$ 15,372,127</u>	<u>\$ 18,120,152</u>	<u>\$ 2,748,025</u>
Adjustment for qualifying budget credit	-	-	-	-
Total	<u>\$ 18,728,000</u>	<u>\$ 15,372,127</u>	<u>\$ 18,120,152</u>	<u>\$ 2,748,025</u>
Receipts Over (Under) Expenditures	<u>\$ (1,503,966)</u>	<u>\$ 544,648</u>	<u>\$ (2,068,151)</u>	<u>\$ 2,612,799</u>
Unencumbered Cash, Beginning	14,239,721	12,735,805		
Prior Year Cancelled Encumbrances	50	1,615		
Unencumbered Cash, Ending	<u>\$ 12,735,805</u>	<u>\$ 13,282,068</u>		

See accompanying notes,

City of Wellington, Kansas

Statement 3

Enterprise Fund**EW&S Multi-Year Capital Improvement
Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 13,945	\$ 7,268
Other revenue		
Insurance recoveries	-	6,141
Reimbursement from other funds	-	33,092
Other financing sources:		
Transfer from water and sewer	-	300,000
Transfer from electric	700,000	250,000
Transfer from EW&S Construction fund	<u>-</u>	<u>197,844</u>
Total receipts	<u>713,945</u>	<u>794,345</u>
<u>Expenditures</u>		
Water and Sewer:		
Vehicles	28,121	1,639
Other equipment	49,299	7,494
Office equipment	8,000	-
Equipment repairs & maintenance	-	19,284
Sanitary/storm sewer line construction	-	-
Wastewater treatment plant construction	159,706	16,727
Fire hydrants	-	-
Water line maintenance & construction	-	322,077
Water well improvement	-	86,882
Electric:		
Vehicles	159,771	28,036
Land	-	7,155
Building/structure	-	-
Other equipment	118,484	9,544
Electric line construction	-	50,078
Transfer to other fund	10,809	-
Transfer to general fund	<u>-</u>	<u>200,000</u>
Total expenditures	<u>534,190</u>	<u>748,916</u>
Receipts Over (Under) Expenditures	179,755	45,429
Unencumbered Cash, Beginning	324,701	504,456
Prior Year Cancelled Encumbrances	<u>-</u>	<u>10,576</u>
Unencumbered Cash, Ending	<u>\$ 504,456</u>	<u>\$ 560,461</u>

See accompanying notes

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City of Wellington, Kansas

Statement 3

Enterprise Fund**Electric, Waterworks & Sewage Construction Fund****Statement of Cash Receipts & Expenditures***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008 <u>Actual</u>	2009 <u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 4,504	\$ 1,795
Reimbursement	-	-
Other financing sources:		
Transfer from electric	-	-
Sale of bonds	-	-
	<u>4,504</u>	<u>1,795</u>
Total receipts		
	<u>4,504</u>	<u>1,795</u>
<u>Expenditures</u>		
Capital outlay, electric	-	-
Professional & consulting, waterworks & sewage	-	-
Transfer to EW&S Multi-Year Capital Improvement fund	-	197,844
	<u>-</u>	<u>197,844</u>
Total expenditures		
	<u>-</u>	<u>197,844</u>
Receipts Over (Under) Expenditures	4,504	(196,049)
Unencumbered Cash, Beginning	191,545	196,049
Prior Year Cancelled Encumbrances	-	-
Unencumbered Cash, Ending	<u>\$ 196,049</u>	<u>\$ -</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Enterprise Fund

Sanitation Utility

Statement of Cash Receipts & Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009		Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Refuse collection fees and penalties	#####	\$ 1,132,252	\$ 1,183,250	\$ (50,998)
Interest	6,610	2,334	6,784	(4,450)
Reimbursed expense and miscellaneous	29,846	18,600	15,200	3,400
Total cash receipts	#####	\$ 1,153,186	\$ 1,205,234	\$ (52,048)
Expenditures				
Collections:				
Personal services	\$ 299,373	\$ 313,059	\$ 327,898	\$ 14,839
Contractual services	185,784	178,972	201,480	22,508
Commodities	61,156	29,713	62,680	32,967
Capital Outlay	-	-	-	-
Transfer Station:				
Personal services	81,783	84,924	86,770	1,846
Contractual services	338,784	302,341	360,105	57,764
Commodities	16,583	21,441	24,650	3,209
Capital Outlay	-	-	9,500	9,500
Reimbursement to other funds	75,304	77,340	77,340	-
Operating transfers to general	85,277	93,528	93,527	(1)
Operating transfers to equipment reserve	-	20,000	20,000	-
Contingency	-	-	183,600	183,600
Total expenditures	#####	\$ 1,121,318	\$ 1,447,550	\$ 326,232
Receipts Over (Under) Expenditures	\$ (17,705)	\$ 31,868	\$ (242,316)	\$ 274,184
Unencumbered Cash, Beginning	227,255	209,550		
Prior Year Cancelled Encumbrances	-	650		
Unencumbered Cash, Ending	\$ 209,550	\$ 242,068		

See accompanying notes.

City of Wellington, Kansas
Enterprise Fund
Sanitation Equipment Reserve
Statement of Cash Receipts & Expenditures

Statement 3

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Receipts</u>		
Interest	\$ 8,438	\$ 3,309
Other financing sources:		
State Grant	-	-
Operating transfer from sanitation fund	<u>-</u>	<u>20,000</u>
Total receipts	<u>8,438</u>	<u>23,309</u>
<u>Expenditures</u>		
Capital outlay	<u>13,570</u>	<u>44,320</u>
Total expenditures	<u>13,570</u>	<u>44,320</u>
Receipts Over (Under) Expenditures	(5,132)	(21,011)
Unencumbered Cash, Beginning	272,120	357,637
Prior Year Cancelled Encumbrances	<u>90,649</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 357,637</u>	<u>\$ 336,626</u>

See accompanying notes.

City of Wellington, Kansas

Statement 3

Enterprise Fund**Municipal Golf Course****Statement of Cash Receipts & Expenditures - Actual and Budget***For the Year Ended December 31, 2009*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
Cash Receipts				
Licenses and permits				
Golf licenses	\$ 92,800	\$ 96,825	\$ 99,550	\$ (2,725)
Golf green fees	107,162	111,564	125,330	(13,766)
Golf cart licenses and fees	27,290	26,080	33,100	(7,020)
Golf cart storage and rental	67,480	70,106	72,616	(2,510)
Other revenue:				
Interest	1,221	562	1,036	(474)
Miscellaneous	93	6,437	-	6,437
Other financing sources				
Transfer from general fund	<u>55,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Total cash receipts	<u>\$ 351,046</u>	<u>\$ 356,574</u>	<u>\$ 376,632</u>	<u>\$ (20,058)</u>
<u>Expenditures</u>				
Personal services	\$ 196,757	\$ 208,703	\$ 217,183	\$ 8,480
Contractual service	48,742	44,841	53,575	8,734
Commodities	73,205	60,820	85,050	24,230
Capital outlay	-	-	-	-
Reimbursement to special liability	5,825	5,825	5,825	-
Other financing uses:				
Operating transfers to capital improvements fund	22,500	30,000	30,000	-
Contingency	<u>-</u>	<u>-</u>	<u>9,227</u>	<u>9,227</u>
Total expenditures	<u>\$ 347,029</u>	<u>\$ 350,189</u>	<u>\$ 400,860</u>	<u>\$ 50,671</u>
Receipts Over (Under) Expenditures	\$ 4,017	\$ 6,385	<u>\$ (24,228)</u>	<u>\$ 30,613</u>
Unencumbered Cash, Beginning	20,049	24,071		
Prior Year Cancelled Encumbrances	<u>5</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 24,071</u>	<u>\$ 30,456</u>		

See accompanying notes

City of Wellington, Kansas
Enterprise Fund
Golf Course Capital Improvement
Statement of Cash Receipts & Expenditures

Statement 3

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
<u>Receipts</u>		
Interest	\$ 252	\$ 89
Other financing sources:		
Operating transfer from golf course	<u>22,500</u>	<u>30,000</u>
Total revenue and other sources	<u>22,752</u>	<u>30,089</u>
<u>Expenditures</u>		
Contractual services	-	-
Capital outlay	<u>18,830</u>	<u>30,995</u>
Total expenditures	<u>18,830</u>	<u>30,995</u>
Receipts Over (Under) Expenditures	3,922	(906)
Unencumbered Cash, Beginning	8,301	12,223
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 12,223</u>	<u>\$ 11,317</u>

See accompanying notes

City of Wellington, Kansas

Statement 3

Enterprise Fund

Municipal Airport

Statement of Cash Receipts & Expenditures - Actual

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009		Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
<u>Cash Receipts</u>				
State Revenue:				
State grant	\$ -	\$ -	\$ -	\$ -
Federal grant	61,655	1,900	-	1,900
Airport revenue:				
Fuel income	91,401	86,349	85,000	1,349
Hangar rent	36,161	36,700	34,826	1,874
Land Leases	23,732	24,821	22,732	2,089
Airport other income	24,479	23,167	11,438	11,729
Other revenue:				-
Interest	4,206	2,001	3,661	(1,660)
Miscellaneous	1,081	453	-	453
Operating transfer from general fund	60,000	50,000	50,000	-
Total cash receipts	<u>\$ 302,715</u>	<u>\$ 225,391</u>	<u>\$ 207,657</u>	<u>\$ 17,734</u>
<u>Expenditures</u>				
Fuel purchased for resale	\$ 71,734	\$ 79,182	\$ 68,000	\$ (11,182)
Personal services	30,359	48,508	48,429	(79)
Contractual service	19,749	19,206	18,105	(1,101)
Commodities	16,031	7,211	15,750	8,539
Capital outlay	12,451	28,919	2,568	(26,351)
Contingencies	-	-	179,236	179,236
Reimbursement to special liability fund	1,774	1,774	1,773	(1)
Debt service:				
Principal payments	25,000	25,000	25,000	-
Interest payments	24,642	23,280	23,280	-
Total expenditures	<u>\$ 201,740</u>	<u>\$ 233,080</u>	<u>\$ 382,141</u>	<u>\$ 149,061</u>
Receipts Over (Under) Expenditures	\$ 100,975	\$ (7,689)	<u>\$(174,484)</u>	<u>\$ 166,795</u>
Unencumbered Cash, Beginning	99,082	200,057		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 200,057</u>	<u>\$ 192,368</u>		

See accompanying notes

City of Wellington, Kansas
Internal Service Fund
Employee Benefit Contribution
Statement of Cash Receipts & Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	2008	2009		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
<u>Cash Receipts</u>				
Employer contributions	\$ 854,922	\$ 936,811	\$ 886,112	\$ 50,699
Employee contributions	145,325	148,760	174,000	(25,240)
COBRA and component unit contributions	18,757	16,055	17,860	(1,805)
Reimbursements & refunds	86	-	-	-
Interest earnings	4,978	3,576	4,950	(1,374)
	<u>\$1,024,068</u>	<u>\$ 1,105,202</u>	<u>\$ 1,082,922</u>	<u>\$ 22,280</u>
<u>Expenditures</u>				
Health insurance claims paid	\$ 585,602	\$ 593,470	\$ 675,000	\$ 81,530
Reinsurance policy premiums	289,773	338,477	334,000	(4,477)
Supplemental coverage policy premiums	92,474	90,466	96,625	6,159
Administration fees	20,309	21,175	27,000	5,825
HMO fees	-	-	-	-
Other	32,198	28,132	40,000	11,868
Reimbursement to general fund	-	-	-	-
Contingency	-	-	282,451	282,451
	<u>\$1,020,356</u>	<u>\$ 1,071,720</u>	<u>\$ 1,455,076</u>	<u>\$ 383,356</u>
Receipts Over (Under) Expenditures	\$ 3,712	\$ 33,482	\$ (372,154)	\$ 405,636
Unencumbered Cash, Beginning	451,603	455,315		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 455,315</u>	<u>\$ 488,797</u>		

City of Wellington, Kansas
Trust Funds
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2009

	Public Library Trust	Annie Hamilton Trust	Mildred Share McLean Trust	Mausoleum Maintenance	Regional Park Trust	Municipal Auditorium Renovation	Recreation Trust	Municipal Golf Course Trust	Ambulance Service Trust	Municipal Airport Trust	Nichols Family Trust	Drug Tax Dist. Trust	Cemetery Beautifi- cation Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service
Receipts																		
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:																		
Interest	3,334	14	85	124	733	3,716	314	60	6	13	19	73	57	4	101	-	10	-
Farm rent	-	-	-	-	3,095	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Other revenue	-	-	-	-	16,630	-	34,183	2,162	-	-	20	-	525	-	6,821	-	4,000	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources:																		
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,136	-
Total receipts	\$ 3,334	\$ 14	\$ 85	\$ 124	\$ 20,458	\$ 3,716	\$ 34,497	\$ 2,222	\$ 6	\$ 13	\$ 39	\$ 73	\$ 582	\$ 4	\$ 6,922	\$ -	\$ 5,146	\$ -
Expenditures																		
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518	\$ -	\$ 550	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	1,505	-	-	9,322	-	1,128	-
Recreation and culture	1,178	-	-	-	3,357	-	62,280	1,523	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing uses:																		
Operating transfer to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,136	-	-	-
Total expenditures	\$ 1,178	\$ -	\$ -	\$ -	\$ 3,357	\$ -	\$ 62,280	\$ 1,523	\$ -	\$ -	\$ 518	\$ 1,505	\$ 550	\$ -	\$ 10,458	\$ -	\$ 1,128	\$ -
Receipts Over (Under) Expenditures	\$ 2,156	\$ 14	\$ 85	\$ 124	\$ 17,101	\$ 3,716	\$ (27,783)	\$ 699	\$ 6	\$ 13	\$ (479)	\$ (1,432)	\$ 32	\$ 4	\$ (3,536)	\$ -	\$ 4,018	\$ -
Unencumbered Cash, Beginning	363,652	1,577	9,242	13,564	83,842	405,817	19,732	6,404	624	1,405	2,148	8,268	6,202	479	12,844	172,820	13	72
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unencumbered Cash, Ending	\$ 365,808	\$ 1,591	\$ 9,327	\$ 13,688	\$ 100,943	\$ 409,533	\$ (8,051)	\$ 7,103	\$ 630	\$ 1,418	\$ 1,669	\$ 6,836	\$ 6,234	\$ 483	\$ 9,308	\$ 172,820	\$ 4,031	\$ 72

See accompanying notes

City of Wellington, Kansas
Trust Funds
Statement of Cash Receipts & Expenditures
For the Year Ended December 31, 2008

	Public Library Trust	Annie Hamilton Trust	Mildred Share McLean Trust	Mausoleum Maintenance	Regional Park Trust	Municipal Auditorium Renovation	Recreation Trust	Municipal Golf Course Trust	Ambulance Service Trust	Municipal Airport Trust	Nichols Family Trust	Drug Tax Dist. Trust	Cemetery Beautifi- cation Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service
Receipts																		
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:																		
Interest	8,508	36	213	311	1,472	9,322	594	256	14	35	42	200	159	11	176	-	-	-
Farm rent	-	-	-	-	3,131	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Other revenue	-	-	-	85	18,710	-	60,291	3,022	-	-	1,295	-	1,010	-	13,549	-	-	4,557
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources:																		
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	\$ 8,508	\$ 36	\$ 213	\$ 396	\$ 23,313	\$ 9,322	\$ 60,885	\$ 3,278	\$ 14	\$ 35	\$ 1,337	\$ 219	\$ 1,169	\$ 11	\$ 13,725	\$ -	\$ -	\$ 4,557
Expenditures																		
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 499	\$ -	\$ 1,548	\$ -	\$ -	\$ -	\$ -	\$ 4,503
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	481	-	-	8,858	-	-	-
Recreation and culture	7,698	-	-	-	2,398	-	66,397	9,485	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing uses:																		
Operating transfer to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 7,698	\$ -	\$ -	\$ -	\$ 2,398	\$ -	\$ 66,397	\$ 9,485	\$ -	\$ -	\$ 499	\$ 481	\$ 1,548	\$ -	\$ 8,858	\$ -	\$ -	\$ 4,503
Receipts Over (Under) Expenditures	\$ 810	\$ 36	\$ 213	\$ 396	\$ 20,915	\$ 9,322	\$ (5,512)	\$ (6,207)	\$ 14	\$ 35	\$ 838	\$ (262)	\$ (379)	\$ 11	\$ 4,867	\$ -	\$ -	\$ 54
Unencumbered Cash, Beginning	362,842	1,541	9,029	13,168	62,927	396,495	25,244	12,611	610	1,370	1,310	8,530	6,581	468	7,977	172,820	13	18
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unencumbered Cash, Ending	<u>\$ 363,652</u>	<u>\$ 1,577</u>	<u>\$ 9,242</u>	<u>\$ 13,564</u>	<u>\$ 83,842</u>	<u>\$ 405,817</u>	<u>\$ 19,732</u>	<u>\$ 6,404</u>	<u>\$ 624</u>	<u>\$ 1,405</u>	<u>\$ 2,148</u>	<u>\$ 8,268</u>	<u>\$ 6,202</u>	<u>\$ 479</u>	<u>\$ 12,844</u>	<u>\$ 172,820</u>	<u>\$ 13</u>	<u>\$ 72</u>

See accompanying notes.

City of Wellington, Kansas
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2009

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Claims Fund	\$ 2,969	\$ 517,285	\$ 494,281	\$ 25,973

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies

The City of Wellington, Kansas ("City") was incorporated in 1872. The City operates under a Council-Manager form of government and provides the following services: Public Safety-Police, Fire and Emergency Medical Services, Highways and Streets, Culture-Recreation, Public Improvements, Planning and Zoning, Utilities-Electric, Water, Sewer and Refuse, and General Administrative Service.

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas.

A. Financial reporting entity

The financial reporting entity concept and criteria for determining that entity have been set forth in *Governmental Accounting Standards Board Statement 14* (GASB 14). GASB 14 states that the financial statements of the reporting entity should provide an overview of the entity based on financial accountability, yet allow users to distinguish between the statements of the primary government and its component units. The primary government is generally the focal point for users of the financial statements. A primary government is any state government or general purpose local government that meets all of the following criteria: (1) It has a separately elected governing body, (2) It is legally separate and (3) it is fiscally independent of other state and local governments. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable.

The City, as the primary government, has determined what organizations meet the criteria of GASB 14 as its component units. It has not included any of those component units in these financial statements, except for the Public Building Commission, which as a blended component unit is reported as a fund of the City. The Public Building Commission issued revenue bonds in 2007 which were used to fund construction of an addition to Sumner Regional Medical Center. The bonds are being retired as rent is paid to the City by SRMC. In 2008 and 2009, the capital project and debt service funds of the Public Building Commission have been blended into the financial statements of the City.

The component units of the City, which qualify to be included in the financial reporting entity discretely, are as follows:

The **Wellington Public Library Board**, defined as a separate legal entity by applicable state statutes, provides public library facilities to the citizens of Wellington and the surrounding area. As provided by state statutes, resources required for the financing of the library are provided by a tax levy, included on the City's budget, and the City may also appropriate other monies as are necessary to the Library. The Library also receives other financing sources independent of the City. The Library is a governmental type component unit, which reports its activities on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In addition, the Library does not maintain records of its general fixed assets or general long-term debt account groups. Financial statements of this component unit can be found at Appendix A of this comprehensive financial report.

The **Sumner Regional Medical Center** of the City of Wellington is a separate legal entity, which until June 1994 was governed by a separately elected board and since that time, by a board appointed by the City Council. It provides primary hospital care for citizens of Wellington and the surrounding area. Since it is unable to levy its own taxes or issue its own bonded debt, it is considered to be fiscally dependent upon the City according to GASB 14. Financial statements of this component unit can be found at Appendix B of this financial report.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

The Wellington Public Housing Authority, a separate legal entity, provides federally subsidized public housing to the citizens of Wellington and surrounding area. Its members are appointed by the City and any bonded debt must be issued through the City, making it fiscally dependent upon the City according to GASB 14. However, the Board is totally financially self-sufficient and receives no funds from the City. The Public Housing Authority prepares its financial statements in a form prescribed by the Department of Health and Urban Development (HUD), which is a comprehensive basis of accounting that differs from generally accepted accounting principles. Financial statements of this component unit may be obtained directly from the office of the Public Housing Authority in Wellington, Kansas.

B. Fund accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City for the year of 2009:

Governmental Funds

General fund--the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund--to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted, by law or administrative action, to expenditures for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and the financing of special assessments which are the general obligations of the City.

Capital Project Funds--to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds--to account for operations that (a) are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

1. Summary of Significant Accounting Policies (continued)

City of Wellington, Kansas

Notes to Financial Statements

December 31, 2009

B. Fund accounting (continued)

Internal Service Funds--to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Fiduciary Funds--to account for assets held by the City in a trustee capacity or as an agent for others. These include expendable trust funds, nonexpendable trust funds and agency funds. Nonexpendable and expendable trust funds are accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accepted accounting principles generally accepted in the United States, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported may not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements, but are included in these notes. Infrastructure assets such as streets and bridges are not presented. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not integrated into the financial statements, but are presented in these notes.

The City has approved a resolution that is in compliance with KSA 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing it to use the statutory basis of accounting.

The City also issues separate financial statements for its Electric, Waterworks and Sewage Fund prepared in conformity with accounting principles generally accepted in the United States of America. A copy of these financial statements may be obtained by contacting the City Clerk.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for 2009.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds, the legal level of budgetary control. In addition, expenditures for line items within a budget may be legally exceeded without approval of the governing body.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the budget has been adjusted when necessary to show compliance with the budget law.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Permanent Cemetery Endowment, Special Liability Expense, Equipment Reserve, Fire Insurance Proceeds, Emergency Shelter Grant, Wellington Airport FAA Grant, FEMA Grant Fund, Hazmat Response, Fire Prevention and Education and SCCDAT Grant Fund. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

E. Post-Employment Health Care Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured before the month of actual coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program. For eligible retirees, healthcare benefits are extended until the retiree becomes eligible for Medicare or is eligible to be covered by a plan through another employer. The monthly premium contribution for a retiree participating in the City's health insurance plan is the amount as the total cost of the benefits as if the retiree was still a City employee. Dependents of retirees are eligible for coverage to the same extent as for current employees, as defined in the City's current group health care benefit plan. The spouse of a retiree who has died or reached Medicare eligibility may retain coverage under the City program until the spouse of the retiree reaches Medicare eligibility, remarries, or becomes eligible for coverage through another employer, but must contribute the entire premium amount. The liability and expense for this benefit has not been actuarially computed as required by GASB 45, and have not been included in these financial statements. Expenditures are reported on a pay-as-you-go basis. Benefits paid during 2009 and 2008 totaled \$50,368 and \$52,580, with seven eligible employees receiving benefits at the end of 2009 and 2008.

F. Temporary notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding may be retired from the proceeds of the sale of new temporary notes and general obligation bonds, receipt of federal funds, or from any other source.

G. Compensated absences

The City's policies regarding vacations permit employees to carryover a maximum of five days of prior year's vacation plus the total of their current year's vacation which is credited as of the last payroll period of the year. Upon termination or resignation from service with the City, employees are entitled to payment for all accrued vacation earned prior to termination or resignation. All regular employees accumulate sick leave at the rate of 4 hours per each 80 work period. This sick leave accumulates first in a short-term sick leave account, up to a maximum of 64 hours, then into a long-term sick leave account. There is no maximum number of reserve sick leave days that may accumulate. Employees have the option of receiving one half of the balance of their short-term sick leave account in cash with their last paycheck of the year. Upon termination of employment for medical reasons, retirement, or death, an employee or the employee's beneficiary receives payment at their regular hourly rate of pay for the balance in the short and long-term sick leave accounts, up to a maximum of 104 hours.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

H. Property taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities with the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and State grant aid and unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

I. Property, plant and equipment

The City does not present capital fixed assets, such as land, building and equipment in these financial statements; however, it does maintain accounting records for such assets. Accounting records for public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, which are immovable and of value only to the City have not been maintained. No depreciation has been provided on any capital assets, except for those relating to the Electric, Waterworks and Sewage Utility which are presented in the Utility's separately issued financial statements.

J. Interfund Charges

The City General Fund is used to account for various administrative functions, which are partially allocated to other funds. Utility billing and collection, financial and management services are paid through the General Fund and billed to the utility funds. These charges totaled \$860,802 and \$833,515 in 2009 and 2008, respectively.

Other charges for health care benefits are charged to appropriate funds by the Internal Service Fund each month as the benefits are purchased.

Insurance costs are paid from the Special Liability Expense Fund and reimbursed by other funds.

K. Special Assessments Receivable

Improvements to roads, sidewalks, and sewer systems are paid for in part by the landowners being benefited. They have the option to pay their share in full, before the improvement is financed by the City through issuance of general obligation bonds, or they are assessed the amount to be paid in annual installments over a period of 15 or 20 years, generally the life of the bond obligation. The City certifies to the County the amount to be levied against the landowner each year. The county collects and periodically remits the assessments to the City. The amount received is recorded in the bond and interest fund.

2. Cash Deposits and Investments

Cash on Deposit

City of Wellington, Kansas

Notes to Financial Statements

December 31, 2009

State law requires the City to deposit its funds in banks that have a branch in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository and provide an acceptable rate of return.

The City maintains a cash and investment pool that is available for use by all funds with banks within Sumner County. Each fund type's portion of this pool is displayed on Statement 1 as "Ending Cash Balance" under each fund's caption. The City has also purchased longer term U.S. Treasury securities exclusively for the Electric, Waterworks and Sewage Utility System Fund that are not a part of the general City investment pool. These longer term securities are also included in the "Ending Cash Balance" column of Statement 1.

Under Kansas law and the City's revenue bond agreements, the City is required to collateralize all bank deposits with securities pledged by the financial institution. These securities are held by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka under a joint safekeeping agreement between the City, the financial institution and the trustee. The City's deposits are categorized to give an indication of the level of risk assumed by the City at December 31, 2009. The categories are described as follows:

Category 1--Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2--Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3--Uncollateralized.

During 2009 securities were pledged by local banks in the City's name with third party trust departments with which the City had custodial agreements, as required by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Therefore, the City's security interest in the collateral was perfected and those deposits have been classified as Category 1. Deposits, categorized by level of risk, are:

Pooled cash, Category 1

\$7,521,030

Total cash on deposit, primary government \$7,521,030

Investments

Under the City's investment policy, which conforms to state law and bond agreements, the City is allowed to invest in (1) certificates of deposit issued by a financial institution domiciled within the City's jurisdiction and insured by the Federal Deposit Insurance Corporation or secured by U.S. government or Kansas state and local government securities; (2) Obligations of the United States or its agencies and instrumentalities; (3) repurchase agreements with Kansas financial institutions; (4) its own temporary notes; (5) the State of Kansas Municipal Investment Pool; and (6) in the case of bond proceeds or funds held pursuant to the retirement of bonds, in certain other investments, including investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely of U.S. government or agency securities. All investments must be insured, registered, or held by the city or its agent in the city's name. The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The City uses the amortized cost method for book value of long term securities purchased with a premium or discount. Fair value of long term investments is based on quoted market prices.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

2. Cash Deposits and Investments (continued)

Investments (continued)

As of December 31, 2009, the City owned the following securities which are classified as held-to-maturity. The United States Treasury securities are held by its agent, Edward Jones and are insured by the Securities Investor Protection Corporation for the first \$500,000 with additional coverage for the net equity of the account provided by Edward Jones through a commercial insurer, Customer Asset Protection Company through February 16, 2009. After February 16, 2009 insurance coverage has been provided by Underwriters at Lloyd's. The US Treasury Money Fund of America is registered to the City of Wellington. These investments are reported at amortized cost.

Security Description	Risk Category			Carrying Amount	Fair Value	Unrecognized Holding Gain
	1	2	3			
U.S. Treasury Notes	\$ 7,840,821	\$ -	\$ -	\$ 7,840,821	\$ 8,652,581	\$ 811,760
U.S. Treasury Money Fund of America	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
	<u>\$ 7,840,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,840,822</u>	<u>\$ 8,652,582</u>	<u>\$ 811,760</u>
Securities Maturing:	0-5 years			\$ 5,026,737	\$ 5,311,600	\$ 284,863
	6-10 years			2,814,084	3,340,981	526,897
	11-15 years			-	-	-
	16-20 years			-	-	-
				<u>\$ 7,840,821</u>	<u>\$ 8,652,581</u>	<u>\$ 811,760</u>

The City also participated in the State of Kansas Municipal Investment Pool. At December 31, 2009 the carrying amount of this investment was \$6,442,320, of which \$4,442,320 was invested in the Overnight pool, and \$2,000,000 was invested in the 180 day pool. 100% of the assets of the Pool are invested with the State of Kansas Pooled Money Investment Portfolio, which is used by the State of Kansas for its own funds, with the Pool owning no individual securities of its own. Because of this arrangement, it is anticipated that there will be no difference between book value of the investment and fair value. The Pool does not enter into derivative financial instruments.

3. Risk Management (Self-Insurance Fund)

In March 1993, the City began a self-insurance medical program by establishing the Employee Benefit Contribution Fund. This plan provides employee health benefits up to a \$5,000,000 in a lifetime maximum. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims did not exceed the commercial coverage in the previous three years, but claims of \$64,063, \$387,096 and \$275,261 were paid by the stop-loss policy in 2009, 2008 and 2007.

All funds of the City participate in the program and make payments to the Employee Benefit Contribution Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. That reserve was \$399,997 at December 31, 2009 and is included in unencumbered cash of the Employee Benefit Contribution Fund. The claims liability of \$25,828 reported in the Fund at December 31, 2009, is based on the requirement of GASB Statement Number 10, which states that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. The liability at December 31, 2009 has been estimated using paid claims data from January 2010 through May 2010. The City currently does not discount its claims liability.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

3. Risk Management (Self-Insurance Fund) (continued)

	<u>2009</u>	<u>2008</u>
Unpaid claims and claim adjustment expense at beginning of year	\$ 55,028	\$ 62,946
Incurring claims and claim adjustment expenses:		
Provisions for insured events of the current year	\$ 587,502	\$ 609,881
Increase in provision for insured events of prior years	-	-
Total incurred claims and claim adjustment expenses	\$ 587,502	\$ 609,881
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	\$ 561,674	\$ 554,853
Claims and claim adjustment expenses attributable to insured events of the prior years	<u>55,028</u>	<u>62,946</u>
Total payments	\$ 616,702	\$ 617,799
Total unpaid claims and claim adjustment expense at end of year	<u>\$ 25,828</u>	<u>\$ 55,028</u>

The City maintains commercial insurance coverage for other physical damage and liability risks.

4. Defined benefit pension plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plans provided by K.S.A. 74-4901, *et seq.* KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report (only one issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs (400 SW 8th Avenue, Suite 200: Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established by statute for 2009 was 6.54%. The KP&F uniform participating employer rate established for fiscal years beginning in 2008 is 16.75%. The City contributions to KPERs and KP&F for the year ending December 31, 2009 were \$513,439, equal to the statutory required contributions for the year.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

5. Changes in fixed assets

A summary of changes in general fixed assets follows and a schedule of fixed assets in service at December 31, 2009 follows:

Balance <u>12/31/2008</u>	Prior year <u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2009</u>
\$ 18,968,342	\$ -	\$ 328,345	\$ (149,013)	\$ 19,147,674
		Buildings		7,764,882
		Equipment		3,203,187
		Improvements		5,138,912
		Infrastructure		537,995
		Land		266,415
		Office equipment		260,603
		Vehicles		1,975,680
				19,147,674

A summary of proprietary fund type property, plant, and equipment at December 31, 2009 follows:

Land	\$ 3,207,298
Buildings	12,699,340
Improvements	10,085,287
Infrastructure	18,832,201
Equipment	15,914,429
Office equipment	21,552
Vehicles	930,653
Construction in progress	<u>7,709,628</u>
Total	\$ 69,400,388
Less accumulated depreciation	(30,057,284)
Net property, plant and equipment	<u>\$ 39,343,104</u>

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

6. Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2009 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Final Maturity	Beginning of year	Additions	Retired/ Refunded	Net Change	End of Year	Interest Paid
General Obligation Bonds										
Airport & Street Improvements	2.2-4.9%	06/01/2002	1,200,000	10/01/2022	885,000	-	60,000	-	825,000	41,645
GO Refunding	3.0-4.15%	10/01/2004	4,155,000	10/01/2020	3,925,000	-	280,000	-	3,645,000	144,019
GO Street Improvements	3.4-5.0%	07/15/2008	1,440,000	10/01/2023	1,440,000	-	75,000	-	1,365,000	72,921
GO Street Improvements	3.0-4.15%	08/15/2009	860,000	10/01/2024	-	860,000	-	-	860,000	-
Total general obligation bonds			\$ 7,655,000		\$ 6,250,000	\$ 860,000	\$ 415,000	\$ -	\$ 6,695,000	\$ 258,585
Revenue Bonds										
Electric, W & S Revenue Bonds	4.375-5.25%	04/01/2002	5,615,000	11/01/2027	100,000	-	-	-	100,000	4,375
Electric, W & S, refunding	2 - 3.5%	08/15/2002	7,710,000	11/01/2010	2,185,000	-	1,070,000	-	1,115,000	74,870
Electric, W & S, refunding	3.4 - 4.2%	08/15/2005	5,160,000	05/01/2023	5,160,000	-	-	-	5,160,000	203,937
Electric, W & S, refunding	4.0 - 4.5%	03/15/2006	5,950,000	11/01/2027	5,950,000	-	-	-	5,950,000	254,976
Electric, W & S, refunding	2.71%	04/01/2008	2,300,000	05/01/2012	2,300,000	-	555,000	-	1,745,000	54,870
Total revenue bonds-utility			26,735,000		15,695,000	-	1,625,000	-	14,070,000	593,028
Public Building Commision	3.3-3.65%	12/15/2007	985,000	12/01/2017	905,000	-	85,000	-	820,000	31,818
Total revenue bonds			\$ 27,720,000		\$ 16,600,000	\$ -	\$ 1,710,000	\$ -	\$ 14,890,000	\$ 624,846
Other Debt										
Kansas Water Pollution Control										
Revolving Loan	2.84%	06/12/2009	\$ 13,800,000	03/01/2030	\$ -	\$ 5,115,980	\$ -	\$ -	\$ 5,115,980	\$ 5,201
Temporary Notes										
Series 2006-Coyote Ridge	3.10%	02/15/2006	530,000	02/01/2009	530,000	-	530,000	-	-	8,215
Series 2006B-Coyote Ridge	3.30%	12/01/2006	115,000	02/01/2009	115,000	-	115,000	-	-	1,898
Total temporary notes			\$ 645,000		\$ 645,000	\$ -	\$ 645,000	\$ -	\$ -	\$ 10,113
Capital Leases										
Fire Truck	6.15%	09/27/2000	345,000	01/01/2016	\$ 198,709	\$ -	\$ 22,683	\$ -	\$ 176,026	\$ 9,270
Asphalt Milling Machine	4.00%	07/01/2004	79,891	12/01/2009	15,890	-	15,890	-	-	1,031
Fire Truck	4.55%	06/30/2006	244,464	06/30/2015	174,241	-	21,696	-	152,545	8,870
Ambulance	4.27%	02/15/2007	81,990	02/15/2010	30,824	-	28,402	-	2,422	1,950
Caterpillar Wheel Loader	4.25%	08/06/2008	115,816	08/06/2014	115,816	-	10,014	-	105,802	-
Total capital leases			\$ 867,161		\$ 535,480	\$ -	\$ 98,685	\$ -	\$ 436,795	\$ 21,121
Total Bonded and Other Indebtedness					\$ 24,030,480	\$ 5,975,980	\$ 2,868,685	\$ -	\$ 27,137,775	\$ 914,665
Compensated Absences										
Accrued vacation benefits and sick leave reserve	N/A	N/A	N/A	N/A	\$ 594,204	\$ -	\$ -	\$ 35,981	\$ 630,185	\$ -
Total					\$ 24,624,684	\$ 5,975,980	\$ 2,868,685	\$ 35,981	\$ 27,767,960	\$ 914,665

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

6. Long-term debt (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	2030-2035	Total
Principal										
General Obligation bonds	\$ 490,000	\$ 490,000	\$ 505,000	\$ 505,000	\$ 530,000	\$ 2,835,000	\$ 1,340,000	\$ -	\$ -	\$ 6,695,000
Revenue bonds	1,770,000	730,000	875,000	505,000	650,000	3,375,000	4,310,000	2,675,000	-	14,890,000
Kansas Water Pollution Control Revolving Loan	-	520,923	535,823	551,148	566,912	3,087,255	3,554,746	4,093,027	890,166	13,800,000
Temporary notes	-	-	-	-	-	-	-	-	-	-
Capital leases	63,607	61,665	64,415	67,286	119,258	60,564	-	-	-	436,795
Total Principal	2,323,607	1,802,588	1,980,238	1,628,434	1,866,170	9,357,819	9,204,746	6,768,027	890,166	35,821,795
Interest										
General Obligation bonds	259,544	237,606	219,123	201,270	184,152	616,513	122,473	-	-	1,840,681
Revenue bonds	571,004	512,645	494,181	468,294	447,261	1,844,464	1,127,209	239,496	-	5,704,554
Kansas Water Pollution Control Revolving Loan	-	388,248	373,348	358,023	342,259	1,458,600	991,109	452,828	19,005	4,383,420
Temporary notes	-	-	-	-	-	-	-	-	-	-
Capital leases	18,533	15,893	13,144	10,272	7,272	2,057	-	-	-	67,171
Total Interest	849,081	1,154,392	1,099,796	1,037,859	980,944	3,921,634	2,240,791	692,324	19,005	11,995,826
Total Principal & Interest	\$ 3,172,688	\$ 2,956,980	\$ 3,080,034	\$ 2,666,293	\$ 2,847,114	\$ 13,279,453	\$ 11,445,537	\$ 7,460,351	\$ 909,171	\$ 47,817,621

Compliance with Finance-Related Contractual Provisions

Electric, Waterworks and Sewage Utility System revenue bonds constitute special obligations of the City and are solely secured by a first lien on the net revenues of the utility system. The bonds are also insured by AMBAC Indemnity Corporation, the issuer of the municipal bond insurance policies.

The revenue bonds are collateralized by the net revenue of the electric, waterworks, and sewage utility system and the reserve accounts established by the bond agreements. The revenue bond ordinance provides that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain various debt service and reserve accounts and third, to establish and maintain a surplus account. The surplus account and any remaining funds may be used for any lawful purpose of the City. The ordinances require maintaining or increasing the bond reserve accounts to equal the maximum annual future debt service requirement of the revenue bonds outstanding. The City is required to maintain rates and charges to produce net revenues equal to 125% of the year's debt service requirements. For 2009 the revenue bond coverage ratio was 1.89 and in 2008 it was 1.81, which met this requirement.

Other miscellaneous provisions include: Maintaining proper books and records, annual audit and rate adjustment within 60 days of audit if necessary, reasonable and customary risk insurance, annual budget, annual report on system condition and recommendations by system employee or consulting engineer, quarterly reports to determine compliance with rate covenant and rate adjustment within 60 days if necessary. The applicable provisions were complied with during 2009 and 2008.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

Capital leases

The city has capital leases outstanding on two fire trucks, an asphalt milling machine, an ambulance and a rubber tire loader. The lease payments are recognized in the departmental expenditure accounts when payments are made. The assets are reflected in Footnote 5 and the lease amounts are included in this note. The assets have been recorded at the present value of the future minimum lease payments at the date of inception of the lease. The gross amount of assets shown at Footnote 5 under these capital leases was \$867,161 at December 31, 2009.

Advance Refunding of Revenue Bonds and General Obligation bonds

Through advanced refundings, \$5,515,000 of utility revenue bonds are considered defeased as of December 31, 2009 which is from the 2002A issue refunded in 2006. There were cash flow savings on the 2008 current refundings of \$119,808. Economic gain on the refunding was \$123,020. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new issue and adjusted for additional cash paid from City resources.

7. Related Party Transactions

The City and Sumner Regional Medical Center (SRMC) may be considered related parties. The City provides the hospital with utility service at the nonprofit rate charged other entities.

8. Bond & Other Reserves, Enterprise Funds

The bond and other reserves of the Enterprise Funds as of December 31, 2009 were comprised of the following:

	Restricted Cash & Investments	
	December 31,	
	<u>2008</u>	<u>2008</u>
Equipment reserve and reserve for improvements	\$ 916,227	\$ 1,374,537
Bond reserve accounts:		
Principal and interest accounts	840,325	982,820
Emergency and depreciation account	400,000	400,000
Bond reserve account	1,501,005	1,501,005
Surplus	9,178,229	8,893,500
Water treatment plant construction account	-	196,049
Total	<u>\$ 12,835,786</u>	<u>\$ 13,347,911</u>

City of Wellington, Kansas

Notes to Financial Statements

December 31, 2009

9. Capital project funds

The Special Improvements Fund is used to account for small project costs not directly attributable to another fund. Major capital projects are accounted for within their own fund. Since these funds are not required to be budgeted, expenditures are limited on a project-by-project basis to an amount authorized by resolution. During 2009, the following projects were completed or underway:

<u>Project</u>	<u>Project Authorization</u>	<u>Project to Date Expenditures</u>	<u>Dec 31, 2008 Status</u>
Crestview Heights Addition-Phase II	\$ 310,000	\$ -	Pending
Coyote Ridge Addition	964,440	572,856	Complete
Highway 160 Corridor-Hotel Sewer	170,000	-	Pending
H Street, Beaver Creek Sewer & Wastewater Treatment Plant	19,050,000	7,038,418	Construction

10. Operating and residual equity transfers and other interfund activity

Cash Transfers The following is a schedule of interfund operating transfers made in 2009:

<u>From</u>	<u>To</u>	<u>Amount</u>
Permanent Cemetery Endowment	General	1,036
Electric, Water & Sewer Utility	General	1,149,004
EW&S Capital Improve&EqRes	General	200,000
Sanitation	General	93,528
General	Bond & Interest	15,300
Ambulance & Firefighting Eq	Bond & Interest	10,000
General	Equipment Reserve	159,700
Electric, Water & Sewer Utility	Equipment Reserve	72,222
General	Capital Improvement	492,000
Electric, Water & Sewer Utility	H Street Sewer Fund	300,000
Waste Water Treatment Plant	Hargis Lift Station	75,000
General	Golf Course	45,000
Golf Course	Golf Course Cap Improvement Reserve	30,000
Electric, Water & Sewer Utility	EW&S Capital Improve & Eq Reser	550,000
EW&S Utility Construction	EW&S Capital Improve & Eq Reser	197,844
Sanitation	Sanitation Equipment Reserve	20,000
General	Municipal Airport	50,000
Drug Awareness	Law Enforcement Trust	1,136
		<u>3,461,770</u>

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

Utility Services Provided Free of Charge Prior to 2006, all utility services consumed by the City were metered and charged at an interdepartmental rate that approximated the cost of the services. These charges were recognized as revenue by the providing utility fund and as an expenditure by the consuming fund. Beginning in 2006, the City continued metering the usage but stopped transferring cash for these utility services as revenue and expenditures and provided the services free of charge to all its own departments. Under the City's basis of accounting, these free services are not recorded in Statements 1, 2 or 3.

<u>Fund & Department Receiving Service</u>	<u>2009 Utility Services Provided</u>			<u>2008</u>
	<u>Electric</u>	<u>Water</u>	<u>Total</u>	<u>Total</u>
Interfund Services Provided:				
To General Fund	\$209,126	\$ 13,235	\$222,361	\$217,463
To Golf Course & Airport Funds	<u>17,987</u>	<u>273</u>	<u>18,260</u>	<u>17,291</u>
	<u>\$227,113</u>	<u>\$ 13,508</u>	<u>\$240,621</u>	<u>\$234,754</u>

11. Contingencies

Grant Program Involvement In the normal course of operations, the City participates in various federal, state or corporate grant programs from year to year. The programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, the City feels that any settlement or judgement not covered by insurance would not have a material adverse effect on the financial condition of the City.

12. Compliance With Kansas Statutes

Cash Basis Law K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. In 2009, the Recreation Trust Fund, in anticipation of receiving a pledged donation, issued a purchase order, creating an encumbrance or "indebtedness" but not an accounts payable, that exceeded available cash by \$8,051, in violation of this statute.

13. Economic Dependency

The City relies upon purchasing a major portion of its electrical power at wholesale rates for resale to its customers since it is cheaper than producing its own power. Prior to May 2007, most of its power was purchased from the Oklahoma Municipal Power Association (OMPA), but since then all purchased power was contracted through the Kansas Power Pool (KPP). Because of this concentration of electricity providers, the City may be economically dependent upon these vendors for this purchased electrical power; however, operationally the City does have the capability of supplying all its own electrical generating capacity.

City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009

14. Construction Commitments

During 2009 the City began several large sewer system projects that were under construction as of December 31, 2009. The amount of construction commitments in process on these projects, for which work had not yet been performed, as of December 31, 2009 was \$5,235,176, with another \$1,891,625 contract bid in February, 2010. All of these improvements will be financed by a Water Pollution Control Revolving Loan from the Kansas Department of Health and Environment.

City of Wellington, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Agriculture, Forest Service: Pass-Through Program From: Kansas State University Cooperative Forestry Assistance	10.664	SU215	\$ 2,823
<i>Total Department of Agriculture</i>			
Department of Homeland Security Direct Programs: Assistance to Firefighters Grant EMW-2008 FP- 00751 Grant EMW-2008 FO-02537	97.044 97.044		\$ 9,828 38,000
<i>Subtotal Department of Homeland Security Direct Programs</i>			<u>\$ 47,828</u>
Department of Homeland Security: Pass-Through Program From: State of Kansas Adjunct General's Department Disaster Grants - Public Assistance Emergency Preparedness Grant Emergency Preparedness Grant Emergency Preparedness Grant Emergency Preparedness Grant Emergency Preparedness Grant Emergency Preparedness Grant	97.036 97.036 97.036 97.036 97.036 97.036	JHSS14 JSS016 JSS015 SEST001 SUCJ006 SUCJ011	\$ 5,985 1,741 10,962 19,750 15,234 4,940
			<u>\$ 58,612</u>
<i>Total Department of Homeland Security</i>			<u>\$ 106,440</u>
Department of Health and Human Services Pass-Through Program From: Kansas Department of Social and Rehabilitation Services: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243 93.243	SPF08-01-12 SPF09-01-12	\$ 7,054 126,302
<i>Total Department of Health and Human Services</i>			<u>\$ 133,356</u>
Department of Housing and Urban Development Pass-Through Program From: Kansas Department of Social and Rehabilitation Services: Emergency Shelter Grants Program	14.231	S-08-CD-20-0001 2008-27	\$ 8,621
<i>Total Department of Housing and Urban Development</i>			<u>\$ 8,621</u>
Department of Transportation Direct Program Airport Improvement Program Project #'s 3-20-0087-07,08,09,10	20.106		\$ 551,420
<i>Total Department of Transportation</i>			<u>\$ 551,420</u>
Environmental Protection Agency Pass-through Program From: Kansas Department of Health and Environment: Capitalization Grants For Clean Water State Revolving Funds (100% outstanding loan at 12/31/09)	66.458	KWPCRF C20 1722 01	\$ 6,425,830
<i>Total Environmental Protection Agency</i>			<u>\$ 6,425,830</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 7,228,490</u>

See accompanying Independent Auditor's Report and notes to schedule of expenditures and federal awards..

City of Wellington, Kansas
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the City of Wellington, Kansas under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the operations of the City of Wellington, Kansas, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Wellington, Kansas.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

See accompanying Independent Auditor’s Report

City of Wellington, Kansas

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2009

Findings—Financial Statement Audit

None—Auditee believes the audit findings are no longer valid, as more than two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse (2005 audit).

Findings and Questioned Costs—Major Federal Award Programs Audit

None—Auditee believes the audit findings are no longer valid, as more than two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse (2005 audit).

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Section I—Summary of Auditor’s Results

Financial Statements

- Type of auditor’s report issued: Unqualified opinion on the 2009 prescribed basis financial statements of the City of Wellington, Kansas.
- Internal control over financial reporting:
 - Two significant deficiencies relating to financial reporting were disclosed by the audit of the financial statements. These were findings 2009-1 and 2009-2.
 - One of those significant deficiencies, 2009-1, was identified as a material weakness
- Noncompliance material to financial statements noted: None disclosed by the audit

Federal Awards

- Internal controls over major programs:
 - Three significant deficiencies relating to internal controls over major programs were disclosed by the audit. These were findings 2009-1, 2009-3, and 2009-4
 - One of those significant deficiencies, 2009-1, was identified as a material weakness
- Type of auditor’s report issued on compliance for major programs: Unqualified opinion
- Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133: One finding of noncompliance reportable under section 510(a)(2) of OMB Circular A-133 was disclosed by the audit. This was finding 2009-3.
- Identification of major programs: The following were tested as major programs:
 - Department of Transportation, Airport Improvement Program, Federal CFDA Number 20.106, direct award
 - Environmental Protection Agency, pass-through grant from Kansas Department of Health and Environment, Capitalization Grants for Clean Water State Revolving Funds, Federal CFDA Number 66.458
- The dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- The City of Wellington did not qualify as a low-risk auditee

Section II—Financial Statement Findings

Finding 2009-1: Identification of Federal Awards and Related Compliance Requirements

Criteria:

OMB Circular A-133 § 300 “Auditee Responsibilities” lists responsibilities of entities receiving federal awards as follows, “ The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (b) Maintain internal control over Federal programs that

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Finding 2009-1: Identification of Federal Awards and Related Compliance Requirements (continued)

Criteria (continued):

provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs. (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards...”

Condition:

The City does not have an effective system to accurately identify all federal funds received and their related compliance and financial reporting requirements . Some of the federal funds received were classified in the general ledger as from a non-federal source, including the EPA revolving loan proceeds. For awards identified as federal, there is not an adequate system to maintain required information and indentify compliance requirements regarding the awards. Although for both major programs knowledgeable consultants were retained, there was an inability to independently identify some of the direct and material compliance requirements or to adequately assess risk of noncompliance and monitor compliance activities. For other federal programs for which there was no consultants to assist with compliance, there was minimal identification of compliance requirements and minimal monitoring of internal controls over compliance.

Context:

This is a systemic condition and is the fundamental reason for the Findings 2009-3 and 2009-4. For the two major programs, the use of consultants to assist with compliance activities compensated for this underlying weakness and provided much more effective controls over these programs.

Effect:

If federal awards are not accurately identified the city may be unable to implement appropriate internal controls, comply with federal requirements or properly prepare the schedule of expenditures of Federal awards. Without identifying and assigning responsibility for compliance requirements, it is likely the City may not comply with all federal requirements. Noncompliance could lead to repayment of federal funds or disqualification from future participation in federal awards.

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Finding 2009-1: Identification of Federal Awards and Related Compliance Requirements (continued)

Cause:

The city's history with respect to federal awards is that it applies for and receives several small awards each year, and periodically receives larger awards every few years. The application for and expenditure of the smaller awards is decentralized throughout department heads, such as police, fire, utility, etc. For the larger construction projects, the City engages a consulting engineer to assist with compliance, although due to the time lag between these projects, the diversity of projects, funding agencies and federal requirements, there is lack of direct knowledge about the programs and an overreliance on the consultant to be aware of and ensure compliance with federal requirements. Due to the decentralization of administration for the smaller awards and the episodic nature of the larger awards, the city does not have a centralized permanent system for administration of all federal awards.

Recommendation:

The city should establish written policies and procedures for centralizing information about federal awards applied for, received and expended. Included in the records maintained should be the required identifying information, an assessment of the direct and material compliance requirements for each federal award and assignment of responsibility for administration of the federal awards. The city may wish to consider appointing a federal projects coordinator who would have oversight over all federal awards. This coordinator should receive training and resources to adequately perform risk assessments, design control activities, communicate regarding grant requirements and monitor compliance.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Since the exit interview we have established a policy for the receipt of federal awards. The City Clerk's office has assigned a staff member to keep track of the receipt of federally awarded funds. This staff member is responsible for maintaining required information and identifying direct and material compliance requirements for all federal awards. This staff member will also assign responsibility for administration of these requirements to the appropriate staff members and perform follow up with those staff members to ensure compliance.

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Finding 2009-2 Approval of Adjustments to Utility Accounts Receivable

Criteria:

Good internal controls over utility accounts receivable include a supervisory review of adjustments made to accounts to ensure their validity and accuracy. Procedures should also determine that all adjustments to accounts receivable have been authorized and approved.

Condition and Context:

The City's procedure for reviewing adjustments to the utility accounts receivable involves a review by the City Clerk of handwritten and other adjustments to the utility billing system. The audit disclosed that the reports being reviewed did not include all adjustments to utility accounts receivable. The City has an effective procedure for reviewing and approving billings and collections to utility accounts receivable but does not prepare an overall reconciliation of utility accounts receivable balances.

Effect:

Since there is currently no procedure to determine if all adjustments to utility accounts receivable have been authorized and approved, erroneous or fraudulent entries could be made to the utility accounts receivable and not be detected. Utility accounts receivable and related utility revenue could be misstated.

Cause:

The current approval report of adjustments to utility accounts receivable does not include certain types of adjustments and there is no overall reconciliation of utility accounts receivable that would detect unauthorized adjustments.

Recommendation:

The adjustment review and approval procedure should be performed in such a way as to ensure the completeness of the entries being reviewed. Another recommended approach would be to reconcile the monthly utility accounts receivable balances by recomputing the expected general ledger balance using approved transaction totals from the subsidiary utility billing system.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding and is presently determining if an adequate report can be generated from the utility billing software that will allow a more effective review of adjustments to utility accounts receivable.

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Section III—Federal Award Findings and Questioned Costs

ALL FEDERAL PROGRAMS:

Finding 2009-1: Identification of Federal Awards and Related Compliance Requirements

See Section II for a detailed explanation of this finding of a material weakness in internal control over compliance requirements with federal programs.

DEPARTMENT OF TRANSPORTATION:

Airport Improvement Program—CFDA Number 20.106

Finding 2009-3 Airport Pavement Maintenance Inspections

Criteria:

The City's contracts with the Federal Aviation Administration specify that it establish a Pavement Maintenance Management Program (PMMP) and that it should include an Inspection Schedule comprised of a Detailed Inspection performed at least once a year and Drive By Inspections performed at least once per month. Information on the findings of these inspections and on the maintenance performed must be recorded and kept on file for at least five years.

Condition:

There is not an effective internal control to ensure that the required inspections and related recordkeeping are completed in accordance with the City's Pavement Maintenance Management Program (PMMP) for the Municipal Airport. Required inspection records were not maintained and required inspections may not have occurred. Inspections have been periodically performed, but may not have performed at the required intervals.

Context:

There have been inspections performed within the last few years, but based on conversations with management, not annually. Monthly drive by inspections have not formally been performed, but due to airport manager's day to day activities, informal inspections do occur. There is no record of inspections performed.

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Finding 2009-3 Airport Pavement Maintenance Inspections (continued)

Cause:

While the City was generally aware that it was required to have a Pavement Maintenance Management Program and that such a plan had been established, there was no specific knowledge by the City that the awards contracts specified inspection intervals and required recordkeeping. There was not an effective system to identify all compliance requirements with respect to this program or to monitor compliance activities (See Finding 2009-1). Although the City engaged a consulting engineer that assisted with compliance requirements related to the construction project funded by this program, this compliance requirement was not within the scope of the consulting engineer's compliance assistance. Turnover in airport management in the last several years and failure to assign and communicate inspection and record keeping responsibility also may have contributed to the condition.

Recommendation:

The City should become familiar with the contract assurances provisions in its Department of Transportation FAA contracts. It should assign responsibility for compliance and implement internal controls and processes to ensure that the required inspections and related recordkeeping are performed. See also recommendation for Finding 2009-1.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Implemented procedures defined in 2009-1 will also address this deficiency. By assigning responsibility for all compliance requirements, the required inspections and recordkeeping will be maintained.

Finding 2009-4 Policy for Use of Airport Revenues

Criteria:

The basic requirement for the use of airport revenue is that all revenues generated by a public airport must be expended for airport related costs. All the City's grant contracts with the FAA contain this provision in addition to the *Policies and Procedures Concerning the Generation and Use of Airport Revenue*, issued February 16, 1999 (64 FR 7695).

City of Wellington, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2009

Finding 2009-4 Policy for Use of Airport Revenues (continued)

Condition:

The City does not have a policy for the use of airport revenues, which constitutes a significant deficiency in internal control. The City was unaware of this compliance requirement.

Context:

The segregation of all revenue from the airport into a separate fund, and the budgeting for and use of that fund only for airport purposes provides accountability for the use of the revenue. There is an annual operating subsidy to the airport and city utilities are furnished to the airport at no cost, which significantly reduces the likelihood that revenues will actually be diverted for non-airport use. Testing of compliance with this provision did not indicate any instances of noncompliance.

Effect:

Without having an awareness of this compliance requirement and effectively communicating it, the City could inadvertently become noncompliant. Penalties may be imposed up to three times the amount of the revenues that are used for non-airport purposes in violation of the requirement.

Cause:

There was not an effective system to identify all compliance requirements with respect to this program or to monitor compliance activities (See Finding 2009-1). Although the City engaged a consulting engineer that assisted with compliance requirements related to the construction project funded by this program, this compliance requirement was not within the scope of the consulting engineer's compliance assistance.

Recommendation:

The City should establish a written policy prohibiting the use of airport revenues for other than airport purposes and communicate the policy appropriately. The City should become familiar with the direct and material compliance requirements of this federal program, assign responsibility for compliance and monitor compliance activities. See also recommendation for Finding 2009-1.

Views of Responsible Officials and Planned Corrective Action:

Management concurs with this finding. Since the exit interview, the need to segregate airport funds and airport assets has been communicated to staff. A written policy to this effect will be included in the Airport Fund description in all future annual budget books.

City of Wellington, Kansas
General Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

<u>REVENUE</u>	2009			
	2008 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<u>Taxes</u>				
Ad valorem property tax	\$1,322,442	\$1,295,699	\$1,364,578	\$ (68,879)
Delinquent tax	45,013	44,882	25,000	19,882
Sales tax	1,185,797	1,166,512	1,155,000	11,512
Special assessments	3,020	2,993	3,200	(207)
Total taxes	<u>\$2,556,272</u>	<u>\$2,510,086</u>	<u>\$2,547,778</u>	<u>\$ (37,692)</u>
<u>Intergovernmental Revenue</u>				
Federal grants & FEMA	\$ 903	\$ -	\$ -	\$ -
State grants & other revenue	20,359	18,231	17,700	531
Alcoholic liquor fund	13,524	12,541	11,540	1,001
State highway connection links	48,626	50,791	46,362	4,429
Recreational vehicle tax	2,969	3,582	2,576	1,006
Motor vehicle tax	<u>233,480</u>	<u>264,334</u>	<u>221,196</u>	<u>43,138</u>
Total intergovernmental revenue	<u>\$ 319,861</u>	<u>\$ 349,479</u>	<u>\$ 299,374</u>	<u>\$ 50,105</u>
<u>Licenses and Fees</u>				
Franchise taxes	\$ 308,759	\$ 332,665	\$ 348,000	\$ (15,335)
Occupation licenses and amusement	17,840	20,230	12,070	8,160
Electric licenses	3,230	2,525	2,800	(275)
Plumbing licenses	2,125	2,005	2,500	(495)
Mammalian pet licenses	3,907	3,016	2,200	816
Cereal malt beverage, liquor, club licenses	3,325	3,600	3,650	(50)
Building permits	13,348	14,287	15,000	(713)
Burial permits	16,090	13,380	16,000	(2,620)
Plumbing permits	2,901	3,305	2,500	805
Electric permits	2,223	2,219	2,200	19
Lake recreation permits	69,246	92,944	66,300	26,644
Other permits	2,381	2,069	2,550	(481)
Administrative & other fees	<u>43,060</u>	<u>48,078</u>	<u>40,325</u>	<u>7,753</u>
Total license and permits	<u>\$ 488,435</u>	<u>\$ 540,323</u>	<u>\$ 516,095</u>	<u>\$ 24,228</u>

City of Wellington, Kansas
General Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		
	2008	Actual	Budget	Variance- Favorable (Unfavorable)
	Actual			
<u>Other Revenue</u>				
Ambulance service	\$ 314,425	\$ 295,355	\$ 250,000	\$ 45,355
Ambulance subsidy - County	225,603	295,223	295,223	-
Lake subsidy - County	15,000	15,000	15,000	
Sale of cemetery lots	5,867	4,267	6,500	(2,233)
Other sales and rentals	11,875	27,715	16,158	11,557
Police court fines	87,025	75,289	85,000	(9,711)
Rural fire contracts	41,940	42,550	41,500	1,050
Miscellaneous	9,611	18,431	7,200	11,231
Interest earnings	71,350	30,753	72,019	(41,266)
Cancelled encumbrances	-	1,807	-	1,807
Insurance claims received	8,723	10,191	-	10,191
Reimbursed expenses	51,351	57,262	40,650	16,612
Restitution	247	-	-	-
Reimbursements from other funds	1,062,994	1,072,317	1,092,317	(20,000)
Total other revenue	\$ 1,906,011	\$ 1,946,160	\$ 1,921,567	\$ 24,593
Total revenue	\$ 5,270,579	\$ 5,346,048	\$ 5,284,814	\$ 61,234
<u>Other financing sources</u>				
Operating & residual equity transfers:				
Water & sewage	172,024	170,600	170,600	-
Electric utility	940,358	978,404	978,404	-
Sanitation utility	85,277	93,528	93,528	-
Multi year capital improvement fund	-	200,000	-	200,000
Other funds	57,507	1,036	3,500	(2,464)
Total other financing sources	\$ 1,255,166	\$ 1,443,568	\$ 1,246,032	\$ 197,536
Total revenue and other sources	\$ 6,525,745	\$ 6,789,616	\$ 6,530,846	\$ 258,770
<u>EXPENDITURES</u>				
<u>Mayor and City Council</u>				
Personal services	\$ 12,113	\$ 11,653	\$ 12,930	\$ 1,277
Commodities	218	685	870	185
Contractual services	2,501	2,983	6,050	3,067
Total mayor and city council	\$ 14,832	\$ 15,321	\$ 19,850	\$ 4,529
<u>City Manager's Office</u>				
Personal services	\$ 160,975	\$ 190,201	\$ 189,132	\$ (1,069)
Commodities	2,616	1,868	1,050	(818)
Contractual services	8,460	12,268	11,785	(483)
Capital outlay	-	-	-	-
Total city manager's office	\$ 172,051	\$ 204,337	\$ 201,967	\$ (2,370)

City of Wellington, Kansas
General Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		Variance-
	2008			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>City Clerk's Office</u>				
Personal services	\$ 276,366	\$ 293,768	\$ 298,311	\$ 4,543
Commodities	8,149	5,591	7,970	2,379
Contractual services	22,793	25,975	25,040	(935)
Capital outlay	-	-	-	-
Total city clerk's office	<u>\$ 307,308</u>	<u>\$ 325,334</u>	<u>\$ 331,321</u>	<u>\$ 5,987</u>
<u>Utility Collections</u>				
Personal services	\$ 229,827	\$ 211,228	\$ 257,871	\$ 46,643
Commodities	9,038	5,898	10,900	5,002
Contractual services	39,288	41,416	46,215	4,799
Capital outlay	-	-	-	-
Total utility collections	<u>\$ 278,153</u>	<u>\$ 258,542</u>	<u>\$ 314,986</u>	<u>\$ 56,444</u>
<u>Director of Public Works & Recreation</u>				
Personal services	\$ 70,997	\$ 83,617	\$ 81,507	\$ (2,110)
Commodities	1,381	1,256	1,575	319
Contractual services	1,176	605	2,020	1,415
Capital outlay	-	-	-	-
Total director of public works & recreation	<u>\$ 73,554</u>	<u>\$ 85,478</u>	<u>\$ 85,102</u>	<u>\$ (376)</u>
<u>General Services</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	21,415	18,948	16,900	(2,048)
Contractual services	68,854	57,680	64,114	6,434
Capital outlay	270	-	-	-
Total general services	<u>\$ 90,539</u>	<u>\$ 76,628</u>	<u>\$ 81,014</u>	<u>\$ 4,386</u>
<u>Contributions</u>				
Appropriation to Chamber of Commerce	\$ -	\$ -	\$ -	\$ -
Appropriation to Chisholm Trail Museum	7,000	8,500	8,500	-
Appropriation to Senior Citizens Center	4,000	4,000	4,000	-
Miscellaneous appropriation	5,314	5,000	5,000	-
Appropriation to Futures Unlimited	5,000	10,000	10,000	-
Total contributions	<u>\$ 21,314</u>	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$ -</u>

City of Wellington, Kansas
General Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		
	2008	Actual	Budget	Variance- Favorable (Unfavorable)
	Actual			
<u>Janitorial</u>				
Personal services	\$ 25,548	\$ 34,049	\$ 35,638	\$ 1,589
Commodities	5,633	2,982	5,170	2,188
Contractual services	1,111	524	2,225	1,701
Capital outlay	-	-	-	-
Total janitorial	\$ 32,292	\$ 37,555	\$ 43,033	\$ 5,478
<u>Police Department</u>				
Personal services	\$1,044,863	\$1,113,939	\$1,182,993	\$ 69,054
Commodities	57,550	53,115	71,510	18,395
Contractual services	66,435	64,070	85,344	21,274
Capital outlay	89	-	-	-
Total police department	\$1,168,937	\$1,231,124	\$1,339,847	\$ 108,723
<u>Fire Department</u>				
Personal services	\$1,397,869	\$1,457,855	\$1,443,821	\$ (14,034)
Commodities	92,492	73,011	104,450	31,439
Contractual services	71,350	92,553	101,870	9,317
Capital outlay	-	-	-	-
Total fire department	\$1,561,711	\$1,623,419	\$1,650,141	\$ 26,722
<u>Municipal Auditorium</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	680	3,603	375	(3,228)
Contractual services	34,005	31,213	33,130	1,917
Capital outlay	-	-	-	-
Total park department	\$ 34,685	\$ 34,816	\$ 33,505	\$ (1,311)
<u>Park Department</u>				
Personal services	\$ 169,367	\$ 181,328	\$ 210,266	\$ 28,938
Commodities	27,708	35,474	39,375	3,901
Contractual services	12,934	13,542	11,950	(1,592)
Capital outlay	-	-	-	-
Total park department	\$ 210,009	\$ 230,344	\$ 261,591	\$ 31,247
<u>Swimming Pool</u>				
Personal services	\$ -	\$ 479	\$ 2,865	\$ 2,386
Commodities	8,452	2,271	7,600	5,329
Contractual services	35,892	38,960	38,700	(260)
Capital outlay	2,180	86	6,700	6,614
Total swimming pool	\$ 46,524	\$ 41,796	\$ 55,865	\$ 14,069
<u>Street Department</u>				
Personal services	\$ 535,228	\$ 549,333	\$ 569,033	\$ 19,700
Commodities	354,970	327,206	376,550	49,344
Contractual services	21,945	27,369	26,350	(1,019)
Capital outlay	-	6,019	-	(6,019)
Total street department	\$ 912,143	\$ 909,927	\$ 971,933	\$ 62,006

City of Wellington, Kansas
General Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		
	2008			Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
<u>Cemetery</u>				
Personal services	\$ 82,777	\$ 92,644	\$ 88,554	\$ (4,090)
Commodities	16,987	25,184	27,600	2,416
Contractual services	4,895	5,580	5,730	150
Capital outlay	2,335	7,217	4,400	(2,817)
Total cemetery	<u>\$ 106,994</u>	<u>\$ 130,625</u>	<u>\$ 126,284</u>	<u>\$ (4,341)</u>
<u>Engineering, Planning and Inspection</u>				
Personal services	\$ 299,831	\$ 321,915	\$ 321,894	\$ (21)
Commodities	6,933	5,183	9,045	3,862
Contractual services	20,642	10,362	14,410	4,048
Capital outlay	3,140	-	-	-
Total engineering, planning & inspection	<u>\$ 330,546</u>	<u>\$ 337,460</u>	<u>\$ 345,349</u>	<u>\$ 7,889</u>
<u>Legal and Police Court</u>				
Personal services	\$ 71,493	\$ 67,711	\$ 75,838	\$ 8,127
Commodities	1,715	995	1,530	535
Contractual services	55,686	60,940	59,839	(1,101)
Capital outlay	-	-	-	-
Total legal and police court	<u>\$ 128,894</u>	<u>\$ 129,646</u>	<u>\$ 137,207</u>	<u>\$ 7,561</u>
<u>Lake Recreation</u>				
Personal services	\$ 108,993	\$ 125,411	\$ 123,376	\$ (2,035)
Commodities	21,520	21,171	27,525	6,354
Contractual services	8,939	13,185	7,350	(5,835)
Capital outlay	1,250	-	-	-
Total lake recreation	<u>\$ 140,702</u>	<u>\$ 159,767</u>	<u>\$ 158,251</u>	<u>\$ (1,516)</u>
<u>Non-Departmental</u>				
Reimbursed expenses & other	\$ 93,422	\$ 94,909	\$ 91,941	\$ (2,968)
Contingencies	-	-	908,919	908,919
Contractual services	5,718	6,997	9,600	2,603
Total reimbursed expenses & other	<u>\$ 99,140</u>	<u>\$ 101,906</u>	<u>\$ 1,010,460</u>	<u>\$ 908,554</u>
<u>Operating Transfers</u>				
Transfer to Equipment Reserve	\$ 200,000	\$ 109,700	\$ 109,700	\$ -
Transfer to Golf Fund	55,000	45,000	45,000	-
Transfer to Airport	60,000	50,000	50,000	-
Transfer to Capital Improvement	325,000	542,000	200,000	(342,000)
Transfer to other funds	1,631	15,300	15,300	-
Total operating transfers	<u>\$ 641,631</u>	<u>\$ 762,000</u>	<u>\$ 420,000</u>	<u>\$ (342,000)</u>
Total expenditures and operating transfers	<u>\$ 6,371,959</u>	<u>\$ 6,723,525</u>	<u>\$ 7,615,206</u>	<u>\$ 891,681</u>

City of Wellington, Kansas
Proprietary Fund
Water and Sewage Utility
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		Variance-
	2008			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>REVENUE</u>				
<u>Water Sales and Sewer Service Charges</u>				
Sale of water to customers	\$ 1,235,815	\$ 1,228,216	\$ 1,297,500	\$ (69,284)
Sewer Service charges	935,915	1,239,683	1,755,560	(515,877)
Interdepartmental water sales	10,298	10,126	11,000	(874)
Penalties	40,596	44,527	62,000	(17,473)
New water services	18,805	16,325	17,200	(875)
Cash basis conversion	(18,821)	(36,263)	-	(36,263)
Total water sales and sewer service charges	<u>\$ 2,222,608</u>	<u>\$ 2,502,614</u>	<u>\$ 3,143,260</u>	<u>\$ (640,646)</u>
<u>Other Revenue</u>				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous	35,440	22,458	4,950	17,508
Sale of revenue bonds	<u>2,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>\$ 2,335,440</u>	<u>\$ 22,458</u>	<u>\$ 4,950</u>	<u>\$ 17,508</u>
Total revenue	<u>\$ 4,558,048</u>	<u>\$ 2,525,072</u>	<u>\$ 3,148,210</u>	<u>\$ (623,138)</u>
<u>EXPENDITURES</u>				
<u>Production</u>				
Personal services	\$ 152,710	\$ 185,532	\$ 205,788	\$ 20,256
Commodities	118,018	146,737	158,275	11,538
Contractual services	14,742	23,133	44,650	21,517
Capital outlay	<u>306</u>	<u>8,613</u>	<u>4,000</u>	<u>(4,613)</u>
Total production	<u>\$ 285,776</u>	<u>\$ 364,015</u>	<u>\$ 412,713</u>	<u>\$ 48,698</u>
<u>Distribution</u>				
Personal services	\$ 230,853	\$ 267,370	\$ 264,703	\$ (2,667)
Commodities	95,112	73,666	113,047	39,381
Contractual services	11,055	13,334	28,740	15,406
Capital outlay	<u>-</u>	<u>4,769</u>	<u>-</u>	<u>(4,769)</u>
Total distribution	<u>\$ 337,020</u>	<u>\$ 359,139</u>	<u>\$ 406,490</u>	<u>\$ 47,351</u>

City of Wellington, Kansas
Proprietary Fund
Water and Sewage Utility
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		Variance-
	2008	Actual	Budget	Favorable
	<u>Actual</u>			(Unfavorable)
<u>Sewage Treatment</u>				
Personal services	\$ 193,282	\$ 216,485	\$ 217,741	\$ 1,256
Commodities	53,763	48,697	70,486	21,789
Contractual services	34,936	29,799	40,450	10,651
Capital outlay	-	-	-	-
Total sewage treatment	<u>\$ 281,981</u>	<u>\$ 294,981</u>	<u>\$ 328,677</u>	<u>\$ 33,696</u>
<u>Debt Retirement</u>				
Principal retired	\$ 2,121,327	\$ 578,924	\$ 578,924	\$ -
Interest	501,120	472,613	467,870	(4,743)
Principal defeased	-	-	-	-
Total debt retirement	<u>\$ 2,622,447</u>	<u>\$ 1,051,537</u>	<u>\$ 1,046,794</u>	<u>\$ (4,743)</u>
<u>Non-Departmental</u>				
Commodities	\$ 2,151	\$ (1,751)	\$ -	\$ 1,751
Contractual services	25,408	27,231	28,280	1,049
Administrative reimbursements to general funds	158,368	163,552	163,552	-
Capital outlay	-	-	-	-
Cost of issuance	25,626	-	-	-
Total non-departmental	<u>\$ 211,553</u>	<u>\$ 189,032</u>	<u>\$ 191,832</u>	<u>\$ 2,800</u>
Total expenditures	<u>\$ 3,738,777</u>	<u>\$ 2,258,704</u>	<u>\$ 2,386,506</u>	<u>\$ 127,802</u>
<u>Operating Transfers</u>				
Operating transfer to general	\$ 172,024	\$ 170,600	\$ 170,600	\$ -
Operating transfer to utility capital improvement	-	300,000	200,000	(100,000)
Operating transfer to H Street sewer fund	-	300,000	-	(300,000)
Operating transfer to waste water treatment fund	812,000	-	-	-
Total transfers	<u>\$ 984,024</u>	<u>\$ 770,600</u>	<u>\$ 370,600</u>	<u>\$ (400,000)</u>
Total expenditures and other uses	<u>\$ 4,722,801</u>	<u>\$ 3,029,304</u>	<u>\$ 2,757,106</u>	<u>\$ (272,198)</u>

City of Wellington, Kansas
Proprietary Fund
Electric Utility System Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		Variance-
	2008			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>REVENUE</u>				
<u>Electricity Sales and Fees</u>				
Residential service	\$ 2,191,341	\$ 2,209,502	\$ 2,432,334	\$ (222,832)
Commercial and industrial service	2,551,924	2,276,702	2,660,936	(384,234)
Interdepartmental	87,343	89,307	89,764	(457)
Wholesale revenue	-	814,267	-	814,267
Fuel adjustments	6,627,437	6,958,471	6,960,020	(1,549)
Electric penalties	72,408	68,559	87,000	(18,441)
Other fees	38,903	36,914	35,400	1,514
Cash basis conversion	(75,288)	49,130	-	49,130
Total sales and fees	<u>\$ 11,494,068</u>	<u>\$ 12,502,852</u>	<u>\$ 12,265,454</u>	<u>\$ 237,398</u>
<u>Other Revenue</u>				
Interest earnings	\$ 691,002	\$ 568,474	\$ 628,437	\$ (59,963)
Miscellaneous	70,881	44,916	9,900	35,016
Reimb from other fund	41,610	-	-	-
Transfer from other fund	-	-	-	-
Sale of revenue bonds	-	-	-	-
Kansas Power Pool refund	321,485	277,076	-	277,076
FEMA funds	46,991	-	-	-
Total other revenue	<u>\$ 1,171,969</u>	<u>\$ 890,466</u>	<u>\$ 638,337</u>	<u>\$ 252,129</u>
Total revenue	<u>\$ 12,666,037</u>	<u>\$ 13,393,318</u>	<u>\$ 12,903,791</u>	<u>\$ 489,527</u>
<u>EXPENDITURES</u>				
<u>Production</u>				
Personal services	\$ 645,700	\$ 689,603	\$ 693,721	\$ 4,118
Commodities	81,326	127,279	118,300	(8,979)
Contractual services	7,615,624	6,916,548	7,038,500	121,952
Reimbursement of OMPA mandated power	-	-	-	-
Capital outlay	-	-	-	-
Total production	<u>\$ 8,342,650</u>	<u>\$ 7,733,430</u>	<u>\$ 7,850,521</u>	<u>\$ 117,091</u>
<u>Distribution</u>				
Personal services	\$ 691,796	\$ 719,666	\$ 843,970	\$ 124,304
Commodities	373,395	315,940	378,900	62,960
Contractual services	115,912	135,500	164,970	29,470
Capital outlay	7,422	4,197	5,600	1,403
Total distribution	<u>\$ 1,188,525</u>	<u>\$ 1,175,303</u>	<u>\$ 1,393,440</u>	<u>\$ 218,137</u>

City of Wellington, Kansas
Proprietary Fund
Electric Utility System Fund
Detailed Revenue and Expenditures - Statutory
Years Ended December 31, 2009 and 2008

		2009		Variance- Favorable
	2008 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
<u>Capital Improvement</u>	\$ -	\$ -	\$ -	\$ -
<u>Debt Retirement</u>				
Principal retired	\$ 1,748,674	\$ 1,046,076	\$ 1,046,076	\$ -
Interest	<u>174,823</u>	<u>125,159</u>	<u>125,159</u>	<u>-</u>
Total other expenditures	<u>\$ 1,923,497</u>	<u>\$ 1,171,235</u>	<u>\$ 1,171,235</u>	<u>\$ -</u>
<u>Non-Departmental</u>				
Commodities	\$ (9,853)	\$ 15,920	\$ 2,500	\$ (13,420)
Other contractual	67,206	71,391	57,028	(14,363)
Administrative reimbursements to:				
General fund	675,147	697,250	697,250	-
Special liability fund	177,668	177,668	177,668	-
Capital outlay	-	-	-	-
Total non-departmental	<u>\$ 910,168</u>	<u>\$ 962,229</u>	<u>\$ 934,446</u>	<u>\$ (27,783)</u>
<u>Contingency</u>	\$ -	\$ -	\$ 2,785,000	\$ 2,785,000
Total expenditures	<u>\$ 12,364,840</u>	<u>\$ 11,042,197</u>	<u>\$ 14,134,642</u>	<u>\$ 3,092,445</u>
<u>Operating Transfers</u>				
Operating transfer to general	\$ 940,358	\$ 978,404	\$ 978,404	\$ -
Operating transfer to equipment reserve	-	72,222	-	(72,222)
Operating transfer to utility capital improvement	<u>700,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total transfers	<u>\$ 1,640,358</u>	<u>\$ 1,300,626</u>	<u>\$ 1,228,404</u>	<u>\$ (72,222)</u>
Total expenditures and other uses	<u>\$ 14,005,198</u>	<u>\$ 12,342,823</u>	<u>\$ 15,363,046</u>	<u>\$ 3,020,223</u>

Wellington Public Library
Wellington, Kansas
Annual Financial Report

December 31, 2009

Kim Wiens
Librarian

Prepared by

Kenneth L. Cooper Jr.

Certified Public Accountant
Wellington, Kansas

Wellington Public Library
Annual Financial Report
Year Ended December 31, 2009

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KENNETH L COOPER JR CPA, CHTD
Certified Public Accountant

Appendix A
Page 1

Independent Auditor's Opinion

Board of Directors
Wellington Public Library
Wellington, Kansas 67152

I have audited the accompanying financial statements of the Wellington Public Library, a component unit of the City of Wellington, Kansas, as of and for the year ended December 31, 2009, and the individual fund statements for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described more fully in Note 1, the Wellington Public Library prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, because of the effects of the matter discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Wellington Public Library as of December 31, 2009, the changes in its financial position, or where applicable, its cash flows for the years then ended.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of the Wellington Public Library, Wellington, Kansas, as of December 31, 2009, and the revenues received and expenditures paid for the years ended December 31, 2009 and 2008 (individual funds only) on the basis of accounting described in Note 1.



Certified Public Accountant

July 30, 2010

Wellington Public Library
Wellington, Kansas
Summary of Cash Receipts, Disbursements and Cash Balances
For the Year Ended December 31, 2009

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
General	\$ 18,384	\$ 209,928	\$ 221,513	\$ 6,799
Gifts and Memorials	22,329	15,184	6,417	31,096
AAUW Endowment	15,716	-	-	15,716
Building	1,078	1	-	1,079
Total	<u>\$ 57,507</u>	<u>\$ 225,113</u>	<u>\$ 227,930</u>	<u>\$ 54,690</u>

Composition of Cash Balance:

Cash on hand-desk balance	\$ 27
First National Bank of Wellington, checking accounts	
Operating account	\$ 6,369
Revolving account	<u>162</u>
Bank of Commerce	
Youth Volunteer account	232
Interest earning accounts	
First National Bank	716
Bank of Commerce CD	15,000
Bank of Commerce money market accounts	1,078
Bank of Commerce savings account	54
First National Bank-Memorial	31,096
Unreconciled Difference	<u>(44)</u>
Total cash, December 31, 2008	<u>\$ 54,690</u>

Wellington Public Library
Wellington, Kansas
General Fund

Statement of Cash Receipts, Disbursements, Changes in Cash Balances

For the Years Ended December 31, 2009 and 2008

<u>Receipts</u>	<u>2009</u>	<u>2008</u>
State Aid	\$ 4,832	\$ 5,424
Appropriations from City of Wellington	184,743	184,742
Grants from SCKLS	11,454	11,039
Front desk	554	647
Donations	-	2,550
Royalty income	5,408	9,822
Interest	799	1,439
Miscellaneous	<u>2,138</u>	<u>1,248</u>
Total receipts	<u>\$ 209,928</u>	<u>\$ 216,911</u>
<u>Disbursements</u>		
Salaries	\$ 131,046	\$ 134,191
Payroll tax	12,574	9,470
KPERS-retirement	5,125	8,534
Accounting	90	91
Ad valorem tax on oil interest	622	792
Advertising/Public relations	515	73
Books, periodicals & audio-visual materials	23,705	27,741
Children's programs	5,095	3,885
Dues and memberships	255	15
Equipment rental	1,071	864
Equip repair/grounds maint.	13,178	4,149
Equipment/furniture purchased	-	1,724
Fees	36	15
Automation		7,425
Insurance	238	551
Internet access	613	603
Janitor supplies	522	210
Library and office supplies	4,243	5,997
Postage	1,890	2,324
Printing and publicity	128	-
Miscellaneous & Special Proj	2,467	2,698
Telephone	3,853	4,010
Travel and workshops	1,535	962
Utilities	<u>12,712</u>	<u>9,858</u>
Total disbursements	<u>\$ 221,513</u>	<u>\$ 226,182</u>
Excess of receipts over (under) disbursements	\$ (11,585)	\$ (9,271)
Cash balance, beginning of year	<u>18,384</u>	<u>27,655</u>
Cash balance, end of year	<u>\$ 6,799</u>	<u>\$ 18,384</u>

See accompanying notes.

Wellington Public Library
Wellington, Kansas
Gifts & Memorials Fund
Statement of Cash Receipts, Disbursements, Changes in Cash Balances
For the Years Ended December 31, 2009 and 2008

<u>Receipts</u>	<u>2009</u>	<u>2008</u>
Donations	\$ 14,957	\$ 6,457
Memorials	-	-
Interest	<u>227</u>	<u>162</u>
Total receipts	<u>\$ 15,184</u>	<u>\$ 6,619</u>
<u>Disbursements</u>		
Books, periodicals & audiovisual materials	\$ 4,521	\$ -
Equipment repair and grounds maintenance	418	-
Equipment Purchases	1,478	-
Library and office supplies	<u>-</u>	<u>1,176</u>
Total disbursements	<u>\$ 6,417</u>	<u>\$ 1,176</u>
Excess of receipts over (under) disbursements	\$ 8,767	\$ 5,443
Cash balance, beginning of year	<u>22,329</u>	<u>16,886</u>
Cash balance, end of year	<u>\$ 31,096</u>	<u>\$ 22,329</u>

See accompanying notes.

Wellington Public Library
Wellington, Kansas
AAUW Endowment
Statement of Cash Receipts, Disbursements, Changes in Cash Balances
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Receipts</u>		
Donations	\$ -	\$ -
Interest	-	-
	<hr/> -	<hr/> -
 <u>Disbursements</u>		
Books, periodicals & audio-visual materials	<u>\$ -</u>	<u>\$ -</u>
 Excess of receipts over (under) disbursements	\$ -	\$ -
Cash balance, beginning of year	<u>15,716</u>	<u>15,716</u>
 Cash balance, end of year	<u>\$ 15,716</u>	<u>\$ 15,716</u>

Wellington Public Library
Wellington, Kansas
Building Fund
Statement of Cash Receipts, Disbursements, Changes in Cash Balances
For the Years Ended December 31, 2009 and 2008

<u>Receipts</u>	<u>2009</u>	<u>2008</u>
Donations	\$ -	\$ -
Interest	1	5
Transfers	<u>-</u>	<u>-</u>
Total receipts	<u>\$ 1</u>	<u>\$ 5</u>
<u>Disbursements</u>		
Miscellaneous and special projects	<u>\$ -</u>	<u>\$ -</u>
Excess of receipts over (under) disbursements	\$ 1	\$ 6
Cash balance, beginning of year	<u>1,078</u>	<u>1,072</u>
Cash balance, end of year	<u><u>\$ 1,079</u></u>	<u><u>\$ 1,078</u></u>

See accompanying notes.

Wellington Public Library
Wellington, Kansas
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies

Basis of Accounting

The cash basis of accounting is followed by this component unit of the City of Wellington, Kansas. Revenues are recognized when cash is received and expenditures are recorded when cash is paid. Generally accepted accounting principles require reporting on the modified accrual basis of accounting. Under the modified accrual method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recorded when the related liability is incurred. The Library uses the regulatory reporting model prescribed by the State of Kansas to show compliance with the cash basis law.

Fund accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Public Library for the year of 2009:

Governmental Funds

General fund--the general operating fund of the Public Library. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund-- to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted, by law or administrative action, to expenditures for specified purposes.

Fiduciary Funds--to account for assets held by the Public Library in a trustee capacity or as an agent for others. These include expendable trust funds, nonexpendable trust funds and agency funds.

Departure from Accounting Principles Generally Accepted in the United States

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and cash balances. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Wellington Public Library
Wellington, Kansas
Notes to Financial Statements
December 31, 2009

2. Reporting Entity

The Wellington Public Library Board, defined as a separate legal entity by applicable state statutes, provides public library facilities to the citizens of Wellington and the surrounding area. As provided by state statutes, resources provided for the financing of the library are provided by a tax levy and appropriations from the City of Wellington and grant money from various state agencies. The Library is a component unit of the City of Wellington for reporting purposes.

3. Retirement Plans

The Library participates in the Kansas Public Employee's Retirement System which is a defined contribution plan covering substantially all employees. The Library's portion of the costs which are funded as accrued were \$6,298 in 2009 and \$7,306 in 2008. These amounts represent the annual accrual basis cost and differ from the amount actually remitted during the calendar year.

4. Endowment Funds

From time to time, the Library receives endowments from donors, which allow the interest on the funds to be used, but the principle is to remain intact. These funds are accounted for in a separate fund.

5. Other Resources

In 2004, the City of Wellington received a bequest from the estates of Frank and Frances Horton in the amount of \$400,000. This bequest was placed into the Public Library Trust of the City of Wellington and can be used for the "repairs, maintenance, improvement and additions to the Wellington Public Library". As of December 31, 2009, \$365,808 of these funds were still available.

St. Luke's Hospital
d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Accountants' Report and Financial Statements
December 31, 2009 and 2008



St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
December 31, 2009 and 2008

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Independent Accountants' Report on Financial Statements

Board of Directors
Healthcare Authority of the City of Wellington, Kansas
Governing Body for St. Luke's Hospital d/b/a Sumner Regional Medical Center
Wellington, Kansas

We have audited the accompanying balance sheets of St. Luke's Hospital d/b/a Sumner Regional Medical Center, a component unit of the City of Wellington, Kansas, as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Luke's Hospital d/b/a Sumner Regional Medical Center as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Hospital has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

BKD, LLP

May 6, 2010

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas

Balance Sheets
December 31, 2009 and 2008

Assets

	2009	2008
Current Assets		
Cash and cash equivalents	\$ 1,530,467	\$ 2,278,212
Short-term certificates of deposit	1,027,700	1,113,693
Restricted cash - current	7,500	-
Patient accounts receivable, net of allowance; 2009 - \$1,570,000, 2008 - \$1,954,000	2,820,047	3,223,567
Sales tax receivable	48,130	45,180
Estimated amounts due from third-party payers	120,000	-
Supplies	280,075	273,338
Prepaid expenses and other	159,557	157,321
Total current assets	5,993,476	7,091,311
Noncurrent Cash and Cash Equivalents		
Restricted by donors for capital acquisitions	40,986	95,008
Capital Assets, Net	3,001,298	2,996,744
Total assets	\$ 9,035,760	\$ 10,183,063

See Notes to Financial Statements

Liabilities and Net Assets

	2009	2008
Current Liabilities		
Current maturities of long-term debt	\$ 90,000	\$ 85,000
Accounts payable	589,146	629,164
Accrued expenses	487,992	674,658
Deferred revenue	79,962	79,961
Estimated amounts due to third-party payers	-	510,000
Total current liabilities	1,247,100	1,978,783
Long-term Debt	730,000	820,000
Total liabilities	1,977,100	2,798,783
Net Assets		
Invested in capital assets, net of related debt	2,181,298	2,091,744
Restricted - expendable for capital acquisitions	40,986	35,420
Restricted - expendable for debt service	7,500	-
Unrestricted	4,828,876	5,257,116
Total net assets	7,058,660	7,384,280
Total liabilities and net assets	\$ 9,035,760	\$ 10,183,063

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Net patient service revenue, net of provisions for uncollectible accounts; 2009 - \$2,101,000, 2008 - \$1,498,000	\$ 13,606,626	\$ 13,583,180
Other	<u>302,062</u>	<u>361,072</u>
Total operating revenues	<u>13,908,688</u>	<u>13,944,252</u>
Operating Expenses		
Salaries and wages	6,060,298	5,689,461
Employee benefits	1,647,633	1,542,543
Purchased services and professional fees	2,830,823	2,781,863
Supplies and other	3,516,456	3,446,016
Depreciation	<u>490,603</u>	<u>437,297</u>
Total operating expenses	<u>14,545,813</u>	<u>13,897,180</u>
Operating Income (Loss)	<u>(637,125)</u>	<u>47,072</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenue	291,631	369,666
Interest income	44,032	62,287
Interest expense	(36,089)	(35,246)
Noncapital grants and gifts	<u>4,694</u>	<u>-</u>
Total nonoperating revenues	<u>304,268</u>	<u>396,707</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Grants and Gifts	<u>(332,857)</u>	<u>443,779</u>
Capital Grants and Gifts	<u>7,237</u>	<u>13,154</u>
Increase (Decrease) in Net Assets	<u>(325,620)</u>	<u>456,933</u>
Net Assets, Beginning of Year	<u>7,384,280</u>	<u>6,927,347</u>
Net Assets, End of Year	<u><u>\$ 7,058,660</u></u>	<u><u>\$ 7,384,280</u></u>

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas

Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 13,380,147	\$ 13,901,974
Payments to suppliers	(6,396,270)	(6,225,631)
Payments to and on behalf of employees	(7,894,597)	(7,097,144)
Other receipts, net	<u>302,062</u>	<u>361,272</u>
Net cash provided by (used in) operating activities	<u>(608,658)</u>	<u>940,471</u>
Noncapital Financing Activities		
Intergovernmental revenue supporting operations	288,681	371,191
Noncapital grants and gifts	<u>4,694</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>293,375</u>	<u>371,191</u>
Capital and Related Financing Activities		
Capital grants and gifts	7,237	13,154
Principal paid on long-term debt	(85,000)	(80,000)
Interest paid on long-term debt	(36,089)	(35,246)
Purchase of capital assets	<u>(495,157)</u>	<u>(1,000,172)</u>
Net cash used in capital and related financing activities	<u>(609,009)</u>	<u>(1,102,264)</u>
Investing Activities		
Interest income	44,032	62,287
Purchase of certificates of deposit	(27,094)	(43,325)
Proceeds from maturities of certificates of deposit	113,087	-
Net change in construction escrow and debt-related accounts	<u>-</u>	<u>985,000</u>
Net cash provided by investing activities	<u>130,025</u>	<u>1,003,962</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(794,267)</u>	<u>1,213,360</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,373,220</u>	<u>1,159,860</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,578,953</u></u>	<u><u>\$ 2,373,220</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents in current assets	\$ 1,537,967	\$ 2,278,212
Cash and cash equivalents in noncurrent cash	<u>40,986</u>	<u>95,008</u>
Total cash	<u><u>\$ 1,578,953</u></u>	<u><u>\$ 2,373,220</u></u>

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Statements of Cash Flows (Continued)
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of Net Operating Revenues (Expenses) to Net		
Cash Provided by Operating Activities		
Operating income (loss)	\$ (637,125)	\$ 47,072
Depreciation	490,603	437,297
Loss on disposal of capital assets	-	200
Changes in operating assets and liabilities		
Patient accounts receivable, net	403,520	(316,167)
Estimated amounts due from and to third-party payers	(630,000)	555,000
Accounts payable and accrued expenses	(226,683)	316,708
Supplies and prepaid expenses	<u>(8,973)</u>	<u>(99,639)</u>
Net cash provided by (used in) operating activities	<u>\$ (608,658)</u>	<u>\$ 940,471</u>

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas**

**Notes to Financial Statements
December 31, 2009 and 2008**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

St. Luke's Hospital d/b/a Sumner Regional Medical Center (the Hospital) is operated under the Healthcare Authority of the City of Wellington, Kansas (Authority). On June 7, 1994, the Governing Body of the City of Wellington, Kansas created the Authority to operate, control and manage all matters concerning the Hospital. The Governing Body of the City of Wellington, Kansas appoints members to the Board of Directors of the Authority. Under accounting principles generally accepted in the United States of America, the Authority and Hospital constitute a discretely presented component unit of the City of Wellington, Kansas (the City), for financial reporting purposes. The Hospital primarily earns revenues by providing inpatient, outpatient, skilled nursing and geriatric psychology services for the benefit of the community.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (primarily federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated nonexchange transactions that are not program specific such as intergovernmental revenue from sales taxes, interest income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Hospital prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009 and 2008

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2009 and 2008, cash equivalents consisted of money market accounts.

Intergovernmental Revenue

The Hospital received approximately 2% and 3% in 2009 and 2008, respectively, of its financial support from the proceeds of sales taxes levied for health care integration by the City and shared with the Hospital for hospital purposes. These funds were entirely used to support operations of the Hospital.

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Patient Accounts Receivable

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009 and 2008

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Hospital:

Land improvements	5 – 20 years
Buildings	5 – 40 years
Equipment and major moveable equipment	3 – 10 years

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Assets

Net assets of the Hospital are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Hospital, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas
Notes to Financial Statements
December 31, 2009 and 2008

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The Hospital provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue.

Income Taxes

As an essential government function of the City, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income.

Foundation

The Hospital is the beneficiary of Sumner Regional Medical Center Endowment Foundation (Foundation), a separate legal entity with its own board of trustees. The Foundation has legal title to all of the Foundation's assets. The Foundation is not a component unit of the Hospital and, thus, not reflected in the accompanying financial statements.

Subsequent Events

Subsequent events have been evaluated through May 6, 2010, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation. The reclassifications had no effect on the changes in financial position.

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas**

Notes to Financial Statements

December 31, 2009 and 2008

Note 2: Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or billable service unit. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patient's acuity. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology.

Approximately 42% and 39% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2009 and 2008, respectively. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Note 3: Deposits

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas or a surety bond having an aggregate value at least equal to the amount of the deposits.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
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Notes to Financial Statements

December 31, 2009 and 2008

At December 31, 2009 and 2008, respectively, \$1,249,375 and \$1,966,795 of the Hospital's bank balances of \$2,529,340 and \$3,542,901 were exposed to custodial credit risk as follows:

	2009	2008
Uninsured	\$ 60,974	\$ -
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Hospital's name	<u>1,188,401</u>	<u>1,966,795</u>
	<u><u>\$ 1,249,375</u></u>	<u><u>\$ 1,966,795</u></u>

Summary of Carrying Values

The carrying values of deposits shown above are included in the balance sheets as follows:

	2009	2008
Carrying value Deposits	<u><u>\$ 2,599,153</u></u>	<u><u>\$ 3,486,913</u></u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,530,467	\$ 2,278,212
Short-term certificates of deposit	1,027,700	1,113,693
Noncurrent cash and cash equivalents	<u>40,986</u>	<u>95,008</u>
	<u><u>\$ 2,599,153</u></u>	<u><u>\$ 3,486,913</u></u>

Note 4: Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2009 and 2008, consisted of:

	2009	2008
Medicare	\$ 1,039,856	\$ 1,068,238
Medicaid	50,667	77,074
Other third-party payers	1,075,428	1,188,857
Patients	<u>2,224,096</u>	<u>2,843,438</u>
	4,390,047	5,177,607
Less allowance for uncollectible accounts	<u>1,570,000</u>	<u>1,954,040</u>
	<u><u>\$ 2,820,047</u></u>	<u><u>\$ 3,223,567</u></u>

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas

Notes to Financial Statements
December 31, 2009 and 2008

Note 5: Capital Assets

	2009				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 115,142	\$ -	\$ -	\$ -	\$ 115,142
Land improvements	314,006	-	-	-	314,006
Buildings	6,538,035	129,549	-	-	6,667,584
Equipment	1,468,629	4,819	-	-	1,473,448
Major moveable equipment	4,550,997	356,970	-	-	4,907,967
Construction in progress	-	3,819	-	-	3,819
	<u>12,986,809</u>	<u>495,157</u>	<u>-</u>	<u>-</u>	<u>13,481,966</u>
Less accumulated depreciation					
Land improvements	297,720	3,712	-	-	301,432
Buildings	5,056,751	173,770	-	-	5,230,521
Equipment	835,729	93,178	-	-	928,907
Major moveable equipment	3,799,865	219,943	-	-	4,019,808
	<u>9,990,065</u>	<u>490,603</u>	<u>-</u>	<u>-</u>	<u>10,480,668</u>
Capital Assets, Net	<u><u>\$ 2,996,744</u></u>	<u><u>\$ 4,554</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,001,298</u></u>

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas**

**Notes to Financial Statements
December 31, 2009 and 2008**

	2008				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 115,142	\$ -	\$ -	\$ -	\$ 115,142
Land improvements	314,006	-	-	-	314,006
Buildings	5,744,077	727,760	-	66,198	6,538,035
Equipment	1,437,801	30,828	-	-	1,468,629
Major moveable equipment	4,316,653	234,544	(200)	-	4,550,997
Construction in progress	65,108	1,090	-	(66,198)	-
	<u>11,992,787</u>	<u>994,222</u>	<u>(200)</u>	<u>-</u>	<u>12,986,809</u>
Less accumulated depreciation					
Land improvements	293,947	3,773	-	-	297,720
Buildings	4,896,753	159,998	-	-	5,056,751
Equipment	740,716	95,013	-	-	835,729
Major moveable equipment	3,621,352	178,513	-	-	3,799,865
	<u>9,552,768</u>	<u>437,297</u>	<u>-</u>	<u>-</u>	<u>9,990,065</u>
Capital Assets, Net	<u>\$ 2,440,019</u>	<u>\$ 556,925</u>	<u>\$ (200)</u>	<u>\$ -</u>	<u>\$ 2,996,744</u>

Note 7: Medical Malpractice Claims

The Hospital purchases medical malpractice insurance which provides \$200,000 of coverage for each medical incident and \$600,000 of aggregate coverage for each policy year. The policy only covers claims made and reported to the insurer during the policy term, regardless of when the incident giving rise to the claim occurred. The Kansas Health Care Stabilization Fund provides an additional \$300,000 of coverage for each medical incident and \$900,000 of aggregate coverage for each policy year.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible this estimate could change materially in the future.

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
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Notes to Financial Statements

December 31, 2009 and 2008

Note 8: Long-term Debt

The following is a summary of long-term debt transactions for the Hospital for the years ended December 31, 2009 and 2008:

		2009			
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Public building commission bonds payable	\$ 905,000	\$ -	\$ 85,000	\$ 820,000	\$ 90,000
		2008			
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Public building commission bonds payable	\$ 985,000	\$ -	\$ 80,000	\$ 905,000	\$ 85,000

Building Commission Bonds Payable

The Public Building Commission bonds payable consist of City of Wellington, Kansas Public Building Commission Revenue Bonds Series 2007 in the original amount of \$985,000 dated December 15, 2007, which bear interest at 3.30% to 3.65%. The bonds are payable in annual installments beginning December 1, 2009 through December 1, 2017. Semi-annual interest only payments are beginning June 1, 2008 through June 1, 2017. The Hospital is required to make monthly deposits to the debt service account of approximately \$9,500. The bonds are secured by a pledge of the gross revenues of the Hospital and the restricted cash funds set aside under the bond documents.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas

Notes to Financial Statements

December 31, 2009 and 2008

The debt service requirements as of December 31, 2009, are as follows:

Year Ending December 31,	Total to be Paid	Principal	Interest
2010	\$ 119,012	\$ 90,000	\$ 29,012
2011	115,908	90,000	25,908
2012	117,802	95,000	22,802
2013	119,525	100,000	19,525
2014	121,025	105,000	16,025
2015 - 2017	364,831	340,000	24,831
	<u>\$ 958,103</u>	<u>\$ 820,000</u>	<u>\$ 138,103</u>

Note 9: Restricted and Designated Net Assets

At December 31, 2009 and 2008, restricted expendable net assets were available for the following purposes:

	2009	2008
Capital acquisitions	<u>\$ 40,986</u>	<u>\$ 95,008</u>

Note 10: Operating Leases

The Hospital has entered into various operating leases for equipment with terms ranging from one to six years. The leases require the Hospital to pay certain executory costs (property taxes, maintenance and insurance).

Future minimum lease payments at December 31, 2009, were:

2010	\$ 552,595
2011	469,743
2012	441,999
2013	166,338
2014	7,752
	<u>\$ 1,638,427</u>

Rent expense for all operating leases was \$624,101 and \$461,429 for the years ended December 31, 2009 and 2008, respectively.

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
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Notes to Financial Statements

December 31, 2009 and 2008

Note 11: Pension Plan

Plan Description

The Hospital contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the KPERS Board of Directors. Pension expense is recorded for the amount the Hospital is contractually required to contribute for the year. The plan provides retirement and disability benefits, including annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The Kansas Legislature, with concurrence of the Governor, has the authority to establish and amend benefit provisions. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to KPERS at 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, or by calling 1.888.275.5737.

Funding Policy

The authority to establish and amend requirements of plan members and the Hospital is set forth by the Kansas Legislature with concurrence of the Governor. Plan members are required to contribute 4% of their annual covered salary. The Hospital is required to contribute at an actuarially determined rate; the rate was 6.54%, 5.93% and 5.31% of annual covered payroll for 2009, 2008 and 2007, respectively. The Hospital's contributions to the plan for 2009, 2008 and 2007 were \$321,503, \$294,842 and \$235,703, respectively, which equaled the required contributions for each year. State law limits the Hospital's future contribution rate increases to a maximum of 0.6%.

Note 12: Contingencies

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**St. Luke's Hospital d/b/a Sumner Regional Medical Center
A Component Unit of the City of Wellington, Kansas**

Notes to Financial Statements

December 31, 2009 and 2008

Note 13: Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Hospital.

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results. Further, the effect of economic conditions on the government may have an adverse effect on cash flows related to the Medicare and Medicaid programs.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowances for accounts receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity.

Note 14: Subsequent Events

Medicaid Rate Cuts

On December 17, 2009, the Kansas Health Policy Authority (KHPA) published a public notice in the Kansas Register of a 10% reduction in Medicaid reimbursement rates to be effective with service dates on or after January 1, 2010.

Health Care Reform

During March 2010, President Obama signed into law the *Patient Protection and Affordable Care Act* and the *Health Care and Education Tax Credits Reconciliation Act of 2010*. Together, these two acts will reform the health care system and will impact payments received by hospitals. Any reductions in hospital payments may be offset by reductions in hospital bad debts and charity care, as the number of uninsured Americans is reduced. However, the overall impact on the Hospital of the health care reform is not presently determinable.

St. Luke's Hospital d/b/a Sumner Regional Medical Center
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Notes to Financial Statements
December 31, 2009 and 2008

Public Building Commission Bonds

In March 2010, revenue bonds in the amount of \$1,175,000 were issued by the City of Wellington, Kansas Public Building Commission to raise funds for the Hospital for a capital improvement project. The project is expected to be completed in 2010 with an estimated cost of \$1,175,000.

Capital Lease Obligation

In April 2010, the Hospital entered into a new lease agreement for a CT scanner. Total lease payments are expected to be approximately \$530,000 over five years.